

Europe leaders plan \$50,000m fund to stabilize currencies

All nine leaders of the European Economic Community at their two-day summit meeting in Bremen yesterday took a major decision towards establishing greater currency stability in Europe. Finance ministers have been told to work out detailed rules for operating the new system, which involves creating a \$50,000m European Monetary Fund. A final decision will be taken at the EEC summit meeting in Brussels in December.

Callaghan warning against haste

From Michael Hornsby
and Peter Norman
Bremen, July 7

EEC heads of government today took a major step forward towards establishing a zone of greater currency stability in Europe. They agreed to create a \$50,000m European Monetary Fund and set the Community on the road to economic and monetary union.

All the leaders, including Mr James Callaghan, who still has most reservations about the project, agreed to instruct their finance ministers to work out detailed rules for its operation by the end of October with a view to a final decision at the next EEC summit in Brussels in December.

It appears that some EEC leaders would be prepared, if necessary, to press ahead without Britain.

The scheme's two sponsors, Herr Helmut Schmidt, the West German Chancellor, and M. Valéry Giscard d'Estaing, the French President, have said it could become operative at the beginning of next year. Mr Callaghan, however, was less positive, saying that he would have to see the results of the preparatory work between now and December before committing Britain to the venture.

"It would be wrong to rush into a decision of principle on such an important matter," the Prime Minister told journalists after the summit ended. "But there has been a very important political agreement that a zone of currency stability in Europe is a very desirable objective."

The new "European monetary system" would bring the currencies of the Community's member states into a narrow band of fluctuation against each other. It would, however, go beyond the existing European Monetary Unit (EMU) in that it would be backed by a large European monetary fund and would involve the creation of a new European currency unit, the ECU.

The system would be "at least as strict" as the existing one, Mr Callaghan said.

currency snake, whose members would form its hard core, with the possible addition of the French franc, which is not a member.

It is envisaged that for an initial period other EEC nations not in the snake could join the new system with their currencies fluctuating between wider margins than the existing 2½ per cent either side of central rates.

The paper agreed by the EEC leaders said nothing precise about the margins of fluctuation, but they were understood to be a narrow margin of 1 per cent either side of central rates for the "hard" currencies in the system, with substantially more leeway for weaker participants.

Central bank intervention in the new system would be limited to the currencies of the participants, and as in the existing snake, there would be no scope for parity changes by mutual consent.

Integral to the system is the creation of a large monetary fund, dominated in ECU's, to ward off speculative attacks on member state currencies. The ECU, based on a weighted average of community currencies, would be used as a means of settlement between central banks and as a source of credit facilities, particularly in the early years.

The fund would be set up by a pooling of 20 per cent of member states' gold and foreign currency reserves plus a comparable amount of their own currencies to give a total of 44,000m ECU's, or \$50,000m.

Mr Roy Jenkins, President of the European Commission, who relaunched the idea of monetary union in a speech in Florence last autumn, said that the envisaged scheme was the most innovative ever discussed by the EEC, and that it would have more resources at its disposal than the International Monetary Fund. He had never dreamed that so much progress could be made in so short a time.

Herr Schmidt, who chaired the meeting, said that he

thought the new system would have a positive effect on the dollar. Until now speculators had been able to pick on one European currency and depress the dollar. In future the European monetary system would provide a much greater counterweight in the markets and smooth out sharp fluctuations in the dollar's value.

Countries participating in the scheme would also step up the coordination of their exchange rate policies vis-à-vis third countries. The newly-created ECU would also gain in importance by being used in the buying and selling of dollars.

Mr Callaghan's agreement to further study of the currency scheme has been rewarded by an undertaking that "concurrent studies" will be made of action needed to strengthen the economies of the less-developed members of the Community in the light of the greater obligations that membership of a European monetary system would entail.

Such action implied a substantial transfer of resources from the richer to the poorer regions, the Prime Minister said, and it is clear that progress here would determine whether the British Government would feel able to go along with the new scheme.

In this context, Mr Callaghan stressed the great importance he attached to reform of the common agricultural policy, which he believes exerts a perverse effect on the Community's regional policy.

Tonight Mr Jenkins said that the British had come to Bremen with an attitude of "constructive caution".

"It remains unclear whether unanimity is an essential part of the system. The French President, for example, said it would not be obligatory for all nine Community members to belong to the new grouping."

Herr Schmidt read a statement on behalf of the leaders of the five-nation snake grouping stressing that it would remain fully intact until the European monetary system was established.

Leading article, page 13

Ambassador plans to abolish bulletin that includes press criticisms of British Government Dispute with Mr Jay costs information chief his US post

From Michael Leighton
New York, July 7

Mr Laurence O'Keefe, head of the British Information Service in New York, has been told that he will be removed from his post only half way through what was expected to be a four-year term.

He was given the message last week by Mr Peter Jay, the British Ambassador in Washington, with whom he has been having growing differences about the role and scope of Britain's information effort in the United States.

Last February Mr Jay, who was appointed Ambassador a year ago, came to New York to tell the staff of BIS that he proposed cutting their number by half and restricting the scope of their operation. The

locally engaged staff, with Mr O'Keefe's support, lobbied in the press to fight the cut.

Largely as a result of this campaign, the British Cabinet decided by a narrow margin to veto Mr Jay's plan, though it had the enthusiastic support of Mr David Owen, the Foreign Secretary. Mr Jay, however, remains convinced that drastic changes are needed in the structure of BIS, for which he is responsible as Ambassador.

The dispute between him and Mr O'Keefe is a philosophical one about the nature of a government information programme. Mr O'Keefe believes that BIS should be a relatively independent source of information about Britain, and this is the role it has traditionally played.

Mr Jay believes that it should be restricted to relaying ministerial speeches and other strictly pro-government information.

The quarrel has crystallized round one BIS regular bulletin called *Today's British Papers*, which quotes selectively from leading articles on national and international issues. It is sent chiefly to the leader writers of American newspapers, and Mr O'Keefe believes strongly that it is important to make them aware of the diversity of British opinion.

Mr Jay disagrees. He sees no reason why a Government agency should circulate opinions which are often critical of Government policy and he wants to abolish the bulle-

tin. (Similar disputes have arisen from time to time over the role of the Government-subsidized BBC overseas services.)

The assumption here is that Mr Jay found it uncomfortable to work with someone with whose views on the question he differed so sharply. He is expected to make sure that Mr O'Keefe's successor has an outlook more compatible with his own, and in this way he might well succeed in making some of the changes which it seemed earlier that the Cabinet veto had prevented.

Mr O'Keefe, who will be 47 on Sunday, joined the Foreign Office in 1962 and has served mainly in the Far East. He came to New York in 1976

from London, where he has been head of the Hongkong and Indian Ocean department at the Foreign Office.

The post of head of BIS in New York is regarded as a plum diplomatic job (his predecessor, Mr Hamilton Whyte, is now Dr Owen's chief spokesman) and the tour of duty is normally four years.

The learnt of Mr Jay's decision to replace him last week when the Ambassador was in New York for a dinner honouring Mr James Callaghan, his father-in-law. On the morning after the dinner Mr Jay telephoned Mr O'Keefe from his suite at the Waldorf Astoria to tell him to begin making plans to leave New York at the end of the summer.

Shcharansky trial opens in Moscow next week

From Michael Blyden
Moscow, July 7

Anatoly Shcharansky, the Jewish dissident member of the Helsinki human rights group, will go on trial in Moscow on Monday, July 16, on charges of espionage and treason. He is charged with high treason in the form of espionage and faces a maximum penalty of death.

The unusual public announcement is seen as a direct rebuff to the United States, which has publicly and privately appealed to the Russians not to put Mr Shcharansky on trial.

Scores of religious, political and scientific leaders in the West, including Mr Cyrus Vance, the American Secretary of State, Dr David Owen, the Foreign Secretary, the Archbishop of Canterbury and the foreign ministers of the European Community have also issued appeals for the release of the 30-year-old computer engineer, who has now been in prison for the past 17 months.

Mr Shcharansky's trial will begin at 10 am on Monday in the people's court in the Proletarskiy district in the south of Moscow. It coincides with the trial of Alexander Ginzburg, who with Dr Yuri Orlov and Mr Shcharansky formed the nucleus of the group set up two years ago to monitor Soviet compliance with the 1975 Helsinki accords on human rights.

Mr Ginzburg is being tried in Kaluga, 109 miles south of Moscow, on the lesser charge of anti-Soviet agitation and propaganda, and faces a maximum penalty of 10 years imprisonment.

The Tass announcement, in the form of an advisory note to resident foreign correspondents, said there would be official briefings on the trial a day. However, these would be on the other side of the city, suggesting that correspondents will not be admitted to the court.

The British and American Embassies have already announced their intention to request admission to the Ginzburg trial and are now expected to do the same for Mr Shcharansky.

Mr Shcharansky, who acted as a link between Western correspondents and the Helsinki group, was arrested in March 1977, soon after being accused in the Soviet press of working for the Central Intelligence Agency.

He has been held incommunicado in Moscow's Lefortovo prison since his arrest. His detention was extended last year by special decree in an apparent Soviet effort to ward off criticism during the Belgrade conference to discuss the implementation of the Helsinki accords.

Last November President Carter personally denied that Mr Shcharansky had ever worked for the CIA and he warned the Russians that a trial jeopardized his own American relations and held up conclusion of a new agreement on the limitation of strategic arms (Salt).

Continued on page 4, col 7



A pat on the head for new champion Martina Navratilova

Czech exile wins at Wimbledon

Martina Navratilova won the Wimbledon singles title yesterday when she defeated Christine Evert, the No 1 seed and twice former champion, 2-6, 6-4, 7-5.

Miss Navratilova, a Czechoslovakian exile, has three times been refused citizenship of the United States, where she now lives. She has not seen her family since 1975. The Duchess of Kent, when presenting her with the trophy, said that she would try to help her family obtain visas to the West.

In the women's doubles, the only other final to be decided by a tie-break, Kerry Reid and Wendy Turnbull, of Australia, beat Mima Jausovec, of Yugoslavia, and Virginia Ruzici, of Romania, 4-6, 9-8, 6-3 after saving two match points. Reports, page 15.

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Lebanon in crisis as President delays decision to step down

From Christopher Walker
Beirut, July 7

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The immediate future of the country depended on the decision of President Elias Sarkis, who early tonight was still coming under strong Western and Arab diplomatic pressure to reconsider his earlier threat to resign. Many observers fear that such a move could plunge the country into worse chaos.

Tonight's radio reports, quoted in a Beirut newspaper, said that President Assad of Syria was the latest in a line of leading international statesmen who have urged the Lebanese leader to stay at his post.

Mr Sarkis, who is a Christian, is generally recognized as the one Lebanese politician with the stature to hold the bitterly divided country together. He is also formally commander of the mainly Syrian Arab peace-keeping force, which has been at the centre of this week's heavy fighting in which at least 180 civilians have been killed.

There are fears that, apart from his political consequences, Mr Sarkis's resignation would remove the legitimacy from the large Syrian force in Lebanon and open the way for Israeli intervention. These anxieties have been reinforced by recent statements from the Israeli Government and a build-up of Israeli armour along Lebanon's southern border.

It is believed that the President is seeking a redefinition of the role of the Arab peace-keeping force and a formula for disarming the formidable array of right-wing, leftist and Palestinian guerrilla armies which pose a constant threat to Lebanon's stability.

As the President held tense consultations at his official palace in Beirut early tonight, many areas of the city were deserted as citizens remained indoors fearing a fresh outbreak of the fighting between the Christian militia and the Syrian troops.

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The factor in the Beirut battles which is causing the greatest international concern is the prospect of their being transformed into a confrontation between Syria and Israel. To prevent this, a compromise must be reached between the Syrian threat to the right-wing militia and the Israeli statement that they were determined to stand by them.

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US pressure on combatants, page 4
Leading article, page 1

Top-security prisoners in protest

By Stewart Tendler
Crime Reporter

Nine Irish republican prisoners at Garretts maximum-security prison, near Market Harborough, yesterday climbed on to a cell block to demonstrate against their conditions and in support of "political" status.

They escaped during their exercise period and got on to the roof of a block housing prison services such as kitchens. They began waving Irish republican flags and banners.

One banner said: "End of black torture", taken to be a reference to prisoners at the Maze prison in Ulster, who have refused to wear prison clothes after being refused political status.

The Garretts men were joining in protests at a number of English prisons. The Home Office said yesterday that Irish prisoners had refused food or demonstrated at five maximum-security prisons since Wednesday. They were continuing to refuse food and seven at Albany, Isle of Wight, are to be sent before the board of visitors after smashing up cells.

Some of the Garretts prisoners wore balaclava helmets or masks and called to passers by. The Home Office said no damage had been done.

The demonstrations, supported on the outside by relatives in a campaign called the Irish Political Prisoners' Support Group, are in protest at treatment in the prisons. Protesters include allegations of assault and prolonged solitary confinement.

Mr Alastair Logan, a Guildford solicitor representing many of the Irish prisoners, said yesterday he was taking 32 cases of complaints to the European Court of Human Rights after "failing to get satisfaction from the Home Office."

Socialist likely to be Italian President

From John Earle
Rome, July 7

The parliamentary marathon to elect a President of the Republic appeared to end tonight after nine days and 13 ballots with the reappearance of Signor Sandro Pertini as the favoured candidate when the Christian Democrats gave him their support.

Signor Pertini, nearly 82, a Socialist and former President of the Chamber of Deputies, was formally proposed by the Socialists early this week but withdrew yesterday because he failed to gain the support of the Christian Democrats and risked being considered a partisan candidate of the left.

His very withdrawal, it was said in parliamentary circles, enabled him to be picked up today by the Christian Democratic leadership, as it could be argued that he was no longer a partisan candidate.

The Christian Democrats, who have a long record of supporting anti-Fascist records, could suitably represent national unity.

There was also the consideration that, at his age, he was likely to be a transient President after which the Christian Democrats could move on one of their own members, as eighth President of the Republic for a full seven-year term.

This time they were resigned to accepting a layman and Socialist after Signor Giovanni Leone resigned in disgrace last month.

However, Signor Benito Zaccagnini, the Christian Democratic secretary, had to overcome strong opposition to the Pertini candidacy from conservative elements in his parliamentary party at a meeting tonight.

Signor Antonio Giolitti, one of the Italian Commissioners of the European Community, was strongly tipped at the beginning of the race but faded as it became known that Signor Pertini was now favoured by the Christian Democratic leadership as well as by the Communists.

Contempt ruling against US law chief set aside

A judge's order holding Mr Griffin Bell, the American Attorney-General, in contempt of court has been set aside by an appeal court judge in New York at the Government's request. The judge said Mr Bell was entitled to a review of Thursday's ruling, made because he refused to release files of 18 FBI agents alleged to have spied on the Socialist Workers' Party. Disclosure of the files might result in assassination, he said.

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£254,000 damages award is upheld

Damages of £254,000 awarded to a woman psychiatrist who suffered brain damage during a minor operation were upheld 2-1 by the Court of Appeal. It was a startling but not absurd amount, one judge said. Lord Denning, dissenting, would have cut the award to £136,000 by giving nothing for loss of future earnings. Law Report, page 23

Philips to list prices

Philips Electrical, the household appliances manufacturer, is bringing back recommended retail prices. The value of price listing has been called into question because of the prevalence of price cutting. Page 19

Hess plea rejected

Answering an all-party plea for the release of Rudolf Hess, Mr Frank Judd, Minister of State for Foreign Affairs, told the Commons it would be the height of irresponsibility for Britain to act alone and end his 37-year incarceration. Page 4

Baader-Meinhof lawyer loses appeal

The highest French administrative court has rejected an appeal by Herr Klaus Croissant, the defence lawyer of the Baader-Meinhof terrorist gang, against his extradition to West Germany. He was extradited eight months ago, after the warrant had been approved by the Court of Appeal. Page 3

MacLeod survives

Alister MacLeod is still Scotland's team manager. The Scottish Football Association have voted in favour of his retaining charge of the side. Page 17

Chrysler strike talks

Chrysler shop stewards are to meet today to discuss an offer of talks on a self-financing productivity deal. The offer was agreed yesterday between the management and engineering union. Page 19

Tories' 'Mr Europe'

Mrs Thatcher said she regarded Mr Edward Heath, the former Prime Minister, as "Mr Europe" but will wait until the general election is won before making any decisions about positions in a Tory government. Page 2

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US pressure on combatants, page 4
Leading article, page 1

HOME NEWS

Lords reject EEC attempt to get uniform VAT collection system on art and antiques sales

By George Clark

Political Correspondent

Attempts by the EEC Commission to impose a uniform system of collecting value-added tax (VAT) on the sales of works of art, antiques and second-hand vehicles, involving millions of pounds every year, are firmly rejected by the House of Lords Select Committee on the European Communities in a report published yesterday.

It concludes that the special VAT scheme operated in Britain, based on actual profit margins, is preferable to the method of standard margins, that is, 30 per cent of the selling price, put forward by the commission in a draft directive.

After setting out all its objections, the committee says: "We conclude that the Commission should be asked to reconsider the position, and to seek ways of harmonizing... Community practice on the lines of the prevailing system in the United Kingdom."

The report, submitted to Parliament by a subcommittee of which Lord Coddie is chairman, indicates that most trade associations, HM Customs and Excise, and traders in second-hand goods in Europe are united in preferring the British system.

But the report discloses a wide difference of opinion in the British art and antiques trade. Traders support the major principle of the special schemes operated in the United Kingdom, but are divided on the EEC proposal to extend VAT to all intermediaries involved.

The Brussels definition of taxable persons would include not only registered dealers but also auctioneers. At present, British sales at auction are taxed only on the auctioneer's commission.

Under the EEC definition, VAT would be payable on 30 per cent of the price realized, less sales by dealers. The United Kingdom exclusion of auction sales from taxation on the actual margin is based on the legal position that auctioneers are not taxable as dealers of the goods they handle, but merely provide a service on behalf of private persons, the report says.

However, this proposed inclusion of auction sales in the scope of the tax on the margin would be welcomed by some sections of the antiques trade, who argued before us that the exclusion of auction sales discriminated against registered dealers by artificially encouraging sales at auction.

In their opinion, this system also assisted the operations of unregistered dealers by affording them a market on which to buy and sell goods without incurring tax. This, in their view, distorted the market, was unfair, and resulted in revenue being lost.

On the incentive given to the export of works of art from the UK, the committee states: "This is undoubtedly regrettable at a time when efforts are being made both in official and private circles to retain art treasures for the nation. We consider that the solution to this problem must be sought elsewhere, for example, through licensing, the reader acceptance of works of art in lieu of estate duty, or subsidies to UK museums."

Mr Heath, who was hurt by his rejection in favour of Mrs Thatcher as leader in 1975, pledged his support in speech in Penistone, South Yorkshire, this week. Yesterday Mrs Thatcher described this speech as "warm", coming as it did from "a reserved man".

Mrs Thatcher maintained that she had always kept both Mr Heath and Mr John Birt, shadow Foreign Secretary, informed about any appointments involving Europe, to ensure that they were not interested personally. That was standard practice, she said.

Asked whether she had offered Mr Heath the leadership of the Conservative delegation to the European Parliament, she said that no

appointment had yet been made. She reiterated that Mr Heath was always consulted, usually through the Chief Whip, about all European matters.

Asked about a possible government post for Mr Heath, she said: "I shall make up my mind about appointments after we have won the election."

That was also standard practice, she said. Mrs Thatcher said she had no means implied a guarantee of ministerial posts after an election.

She told one questioner who asked about her relationship with Mr Heath: "There have not been as many difficulties as you think in the last three years."

Mrs Thatcher was in Manchester yesterday supporting Mr Thomas Murphy, the Conservative candidate in the Manchester, Moss Side, by-election next Thursday.

She visited a radio and electronics factory, which employs about 150 people, one of the few remaining industrial units in the constituency, and walked about shopping areas in the contrasting Moss Side, Lloyd Street and Chorlton wards.

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Degree awarded: Mrs Jane Ewart-Biggs, widow of Mr Christopher Ewart-Biggs, the British Ambassador in Dublin who was killed by an explosion in 1976, with her children Robin, Henrietta and Kate after receiving the honorary degree of doctor of letters at Ulster University, Coleraine.

Proposals to handle young offenders under discussion

By Peter Evans

Home Affairs Correspondent

The Government is to publish a Green Paper soon discussing proposals for handling young offenders. One of the options under consideration is a junior youth custody order.

That would be up to a maximum of six months for those aged 14 and 15 months for those aged 16 and 17. The order would be made by a juvenile court, but the executive would decide what proportion of it should be spent in custody. The rest would be served in the community.

Present ideas are that such an order would have to be served in junior detention centres.

Given the present Home Office views that harsher regimes would not successfully deter further crime, it is unlikely that moves in this direction would be made for the older age group—aged 16 and up to 21.

Instead, a proposal for a senior youth custody order has been discussed. That is seen as a move towards a generic custodial sentence for young adults, instead of separate ones to borstal, detention centres and young prisoner centres.

The Green Paper will be a response to a report by the Advisory Council on the Penal System, published in 1974.

The advisory council recommended the abolition of custodial sentences of imprisonment, borstal training and reference to detention centres. Instead there would be a new form of custodial sentence in the form of an order, with three types of establishments merged to handle it.

At present, young people aged 14, 15 and 16 can be sent for up to three months to junior detention centres and older ones to senior detention centres where the maximum stay is six months.

Those aged 15 and 16 can be sent by a juvenile court to the Crown Court, which can then sentence them to borstal training.

The other seven defendants, all from Hackney, included Neil Harrison, aged 17, an engineer, of Richmond Road; Colin George, aged 17, a clerk of Richmond Road; and Charles Farrell, aged 17, a shoemaker, of Brownlow Road.

The four others were schoolboys aged 13, 14, 15 and 16. Harrison was sent to borstal, and George to a detention centre for three months. Farrell was fined £75 with 50 costs. The schoolboys aged 16 and 15 were sent to borstal.

The boy aged 13 was sent to a detention centre for three months. The boy aged 14 was given a conditional discharge.

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Crew's evidence at British Rail inquiry

By Michael Bailey

Transport Correspondent

Questions are being asked about the safety of passengers on sleeper trains after the accident on Thursday when 11 people died in a fire on the Penzance to London train.

British Rail carries 800,000 sleeper passengers a year on 50 trains a night. In 150 years of railway history such a disaster has probably never happened before. Certainly since before the First World War there has not been a death by fire on a British railway sleeper, and the keepers of records think not before that.

What can be learnt from the tragedy? "Almost all the great safety improvements have grown out of disasters," a railway safety expert said yesterday.

The proposed inquiry into the disaster is being held under the Transport Act 1968, which gives the Transport Board the power to make a public inquiry into the cause of the disaster.

Smoking is being steadily reduced on trains, but could it be stopped altogether? Is there a case for what is to some people a drastic measure, when the last fatal train fire from

over which Mr John Barker, the divisional manager, presided. The findings are to be made known to Major Anthony King, the Department of Transport's railway inspector in charge of the inquiry into the disaster. He will investigate whether the doors to sleeper carriages were locked, trapping people inside.

Yesterday the sleeper carriage started in a shed at Taunton. Another coach, damaged by smoke and fumes, has been shunted into a siding.

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Safety improvements have grown out of disasters
Smoke sensors in new sleeper trains

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Saturday Review

Hola

The Hola Camp atrocity, when 11 Mau Mau detainees were clubbed to death by their warders, cast a shadow over the closing months of Sir Evelyn Baring's tour as Governor of Kenya in 1959. The Mau Mau rebellion had been successfully put down, but some hard core rebels remained in jail. In this extract from his biography of Baring, Charles Douglas-Home describes the pressures on the Governor in dealing with the crisis



It was sad for Evelyn Baring that he was destined to leave Kenya in September 1959, with the certainty of a certain amount of criticism still arising from the Mau Mau emergency. He had been Governor since 1952. The emergency, which he had declared three weeks after his arrival, had effectively ended the Mau Mau rebellion, but it was also a tragedy, and a tragedy of this was the atrocity at Hola Camp, where a number of the Mau Mau detainees were beaten to death by their warders. But even before then there were other symptoms of the old disease, which still lurked in the shadows of the Mau Mau rebellion. The question of the Mau Mau detainees, and the question of whether, and if so when, they should be released from detention—a possibility hotly contested by the provincial administration. But the question of Kenya was not the only reminder of the darker days of the emergency. On March 3, 1959, when Evelyn and his family were recovering from a highly successful but none the less exhausting 14-day visit of the Queen Mother, 11 Mau Mau detainees at Hola Camp, in the coastal province, were beaten to death and another 81 injured. The prison camp at that time was divided into two, with one part containing 608 convicted prisoners and the other a "closed camp" containing 208 of what were known as "hard core" Mau Mau detainees, men who had not yet responded to the programme of rehabilitation. Evelyn first heard of trouble at Hola from the Defence Ministry informed him of a message over the prison radio network that five detainees had died, with no further explanation. He immediately decided to send three senior officers down to Hola the following morning from the Prisons, Defence and African Affairs Departments. They were to report back to him the following evening. Next morning Evelyn was told that the death toll had risen to 10. He decided that no statement could or should be put out until more facts were known as a result of the senior officials' visit. They returned to Nairobi at midday and a meeting at Government House was hurriedly convened with the Chief Government Doctor, Cusack, the Minister of Defence, Griffith-Jones, the Minister of African Affairs, Johnston, and the Commissioner of Prisons. It is this meeting, more than any other, which provides the key to Evelyn's part in the affair. Apart from his general responsibility as Governor for the administration of Kenya, once he knew about the killings he also had a particular responsibility, not for the atrocity itself, but for the way it was subsequently handled. In the subsequent inquiry into the Hola disaster it became clear that the three officials who had visited Hola carried out a rather cursory inspection of the camp, spent only three hours there, and returned to Nairobi with a less than satisfactory account of what had happened. Evelyn did not speak to any of the detainees; he did not look at any of the dead bodies at the injured men in the hospital. They heard an account of the incident from the Hola Commandant and his deputy, and were told by the prison doctor that a quarter of the detainees were in hospital with facial bruises and had been possibly of "aspiration pneumonia" caused by inhalation of regurgitated vomit. There was also the account of the prison deputy commandant who had seen a detainee collapse near a water cart from which he had been drinking. In other words, there was a major atrocity, or else an almost unwelcome readiness to believe in default of any hard evidence to the contrary—that the water cart might have had something to do with the deaths and injuries. That credulity on the part of the Hola staff was apparently shared without much scepticism by the officials during their three-hour visit. They returned to Nairobi before lunch and reported to Evelyn four o'clock that afternoon. During the meeting in Government House, there was a good deal of discussion as to whether violence was the cause of death. The three officials gave it as their opinion that the deaths had been caused by violence, though there was some men-

tion of "scuffles". They left Evelyn and his ministers with the strong impression that they thought a possible cause of death was the drinking of large quantities of water in the extreme heat—though it could hardly have been the quality of the water because the camp staff had drunk from the same water cart. Until then Evelyn had been reluctant to make any announcement on the ground that there was no point in doing so until some further information was available. As a result of the meeting Evelyn authorised a statement about the deaths, which said the men had died after drinking from a water cart, and which made no mention of the fact that there had been any disturbance. Unfortunately, it also omitted any mention of the fact that a police autopsy was to be carried out. However, it soon became clear from the evidence before the official pathologist, even before the dead bodies were returned to Nairobi for extensive post mortems, that there had been considerable violence inflicted on them. The pathologist's team had a very different and much more gruesome story to tell from that recounted by the officials. Evelyn prepared for the political storm which was now sure to break over his head. He warned Lennox-Boyd of the new situation and, ironically, did so just in time to prevent the Colonial Secretary going ahead with an announcement that he was proposing to retire from politics before the next election. Once the Hola affair had blown up he could not do that without it being thought that he was actually resigning or, at least, in fact if not in name. Eight days later, when the autopsies had been completed, another statement was put out saying there was evidence of violence, and that a decision whether or not to hold a further inquiry would be taken after the inquiry and police investigations. A week later on March 18, the inquiry opened before a senior examining magistrate in Mombasa. It unfolded a sad tale of mismanagement, misunderstanding, and inadequate control in the prison department. At the height of the emergency there had been 78,000 Kikuyu detainees, who had gradually been rehabilitated and released, and a programme involving three types of detention camps, through which they passed on their way to ultimate release into the reserve under a type of probation supervised by the local District Officer. The basic policy of the Government was to do everything to keep detainees travelling down the pipeline towards release in the reserves, but at the same time to put as much pressure as a District Officer could exert on detainees, if the DO was against his release. Consequently the programme had to rely on an intimate association between the Prisons Department, who mainly ran the detention centres, and the district administration, which was responsible for the eventual absorption of the detainees back into the reserves. Under their white officers, both staffs were predominantly Kikuyu. For the "hard core" detainees whom the authorities felt were unlikely to be rehabilitated into the community—or, not for a very long time—a series of work camps were planned which would be located near areas of the bush which had been selected for reclamation and irrigation schemes. With this hard core, the emphasis was likely to be less on rehabilitation and more on hard work. And once it became Prison Department policy to insist on work, a host of difficult questions arose about the use of force on prisoners. If force was to be used, in what circumstances and to what limits? The inquiry into the Hola atrocity revealed that the Prison Department had developed a new plan, which was a modification of long-standing procedures, and which either did not work had not been properly thought through, or else was distorted by administrative inefficiency and misunderstanding. The new plan was called the "Cowan Plan" after the official in the Prison Department who had refused to discuss the plan. It made it clear that not everybody was happy about it, that it would probably lead to violence, and that, before it acquired any formal authority, it should be submitted not just to the Ministers of Defence and African Affairs for their approval, but thereafter to the Governor's Ministerial Security Council for a general policy directive. However, Cusack and Johnston, the two ministers

concerned, decided that this extra authority was not necessary; they authorised the implementation of the new plan at Hola involving the use of what officials described as "compelling force". Such force was to be applied to those hard core prisoners who, by refusing to work, had created a situation where the rehabilitation programme had made no progress for some months, and where the commandant's authority was thus being successfully defied. Both ministers knew that there had been a risk of violence involved, yet at their meeting with Evelyn when the water cart was raised, there appears to have been no reference to the fact that the deaths occurred during the application of the plan about which their junior officials had felt so unhappy. Could the ministers have been deliberately reticent about this background? Or could Evelyn have known about it, and still decided to publicise the water cart version if only to play for time? Although the records are still closed, and anyway may not reveal the details of this meeting, these seem to be the only two possible interpretations. Yet even if Evelyn did not know the background to the "Cowan Plan", let alone that it was being applied for the first time on the very day that 10 men died and dozens were injured, he did already know enough about the administration of the detention camps to have been instinctively wary of the water cart story. He knew because he was having to deal with atrocity allegations the whole time; because the detention camps, in spite of their great achievements, were beset by a series of incidents involving allegations of brutality; and many of these allegations were being upheld. So the possibility of violence at Hola was not something which could, or should, have been lightly discounted, particularly when the deaths of 10 men and scores of injuries had to be accounted for. However, if he did not know the full facts at the first meeting, he must have learnt them soon enough, because when the inquiry was held the whole world started to read about the goings-on at Hola. The inquiry was told that about 200 hard core Mau Mau detainees had been taken to the irrigation ditch under the supervision of 90 warders, armed with rifles and batons, whose orders were to force the prisoners to work. On two occasions the prisoners had given what was described as a "Mau Mau howl", whereupon the riot squad had beaten them until order was restored. After they had drunk water from a water cart 10 (later 11) had died, and a number more were taken to the hospital with injuries. The police pathologist told the inquiry that the men had died either from lung congestion or from shock and haemorrhage following multiple bruising and other injuries. It became clear that, though the commandant was only legally entitled to use physical force to suppress violent resistance, the "Cowan Plan" enjoined him to instruct the warders to "manhandle the detainees to the place of work and force them to carry out their tasks". He had also told the warders to respond to any noise or movement by striking the detainees on the legs below the knee. While on their way to work they had formed themselves into a human pyramid and given the Mau Mau howl whereupon the warders had set on them with their batons. There was much more lurid evidence of this kind, with some allegations of continuous beating while the detainees were sitting down. In his findings, the coroner made a distinction between justifiable force in answer to violence or attempts to escape, and the beating of detainees to compel them to work. The former he said was justified; the latter, of which there was far more, was "entirely unjustified and illegal". Nevertheless, he concluded that the commission of a specific offence had not been proved. This was too much for the British House of Commons. The MPs wanted somebody to accept responsibility; and to be punished. The coroner had explained that, after careful consideration, he did not believe that the commission of an offence had been disclosed by a known person or persons. At first sight it might be considered extraordinary that such opinions should be recorded in view of my findings of illegal beatings having taken place at the work site. The following factors, however, in my view clearly justify such opinions. It is impossible to determine beyond reasonable doubt which injuries on the detainees were caused by justifiable and which by unjustifiable blows, and which injury or combination of injuries resulted in the shock and haemorrhage causing death. It is impossible to say the extent to which any degree of certainty which particular person struck the blows, whether justifiable or unjustifiable. The Cowan Plan, which apparently had government approval, was a plan to force detainees to work by using force, and it was not so clearly illegal as to justify my recommendation of the preferential charges. That is however ultimately a question of policy which is a matter for me to decide. The coroner seems to have been implying that the Cowan Plan's instructions were illegal though not so clearly so as to enable him to recommend charges. He also had some fairly dry criticisms to make of the original press-handout, though he confessed he had been unable to discover exactly how that statement had been published. Eleven men had been beaten to death; of that there was no doubt. And were there really to be no prosecutions? It could hardly be left like that even in Kenya, let alone in the House of Commons. Eric Griffith-Jones, the Attorney General, decided that there was insufficient evidence on which to base a charge against any individual warder. However, disciplinary proceedings were started against Sullivan and Courts, the camp Commandant and his deputy, who were suspended from duty. As part of these proceedings an official inquiry was set up, which found that Sullivan had put the detainees to work in such a way that he was unable to exercise control over them, and in a manner contrary to the Cowan instructions—though as he had never actually seen a copy of the Cowan Plan, it was unfair to order him to carry out such an operation without detailed written instructions or proper supervision from a senior officer. The inquiry ducked the question whether the Cowan Plan was itself illegal; indeed, that possibility was apparently never explored within the legal department. However, the inquiry found also that Sullivan had failed to supervise the warders adequately; and, worse, that he had misled the three officials who visited him the day after the affray by minimizing the extent to which batons had been used. The charges against Mr Courts, the deputy, were dismissed in view of Sullivan's good character and past record. Evelyn recommended that he should be retired from the service without loss of gratuity. There were other departures, too. The Commissioner of Prisons announced that he wanted to retire as soon as a successor could be appointed; the Minister of Defence, who was away due to retire, actually left before the findings were published. In Britain the strong feelings which had been aroused by the

Continued on page 9

X1 US 73p 150p OAP, and Students at the door from 12.50 p.m.

Fred Emery

The ironies that do not matter to the Tories



Edward Heath: a pointed proclamation.

"Now, how can you say from all that what issues are most on voters' minds?" With a not unappealing touch of helplessness and candour the Labour candidate in next Thursday's Moss Side by-election went over what we had just heard. His doorstep canvass on the edge of a Tory ward had produced a jumble of responses as mixed as the upkeep of the private terraced houses.

One lady complained of water rates; two young men, separately, demanded a promise of more socialism if they were to vote Labour; an oil refinery worker vigorously insisted how the workers needed tax cuts, and he expostulated bitterly over Labour giving child benefit payments to his wife while taking away his tax allowances. One woman, simply announcing she was a Tory, pushed her pram firmly ahead. Finally, a charming young coloured housewife, proud of being born British, chatting good naturedly with her white neighbour who insisted that all coloured people were against more immigration for fear of losing their own jobs, wryly poo-pooed her but then came out with this admission. It abashed the candidate. "I want my son to go to the school with the fewest grants, because I want him to have as good an education as I had," she said. "Now why do I do that? If a white person said that I'd think it dreadful." Seasoned experts (and our political leaders) will of course prefer their opinion poll samples to what is said at random in street politics.

But this is their raw material. In these fleeting moments of our election campaigns it is the only time MPs and candidates meet people at large, rather than in the privacy of their constituencies. Prices are the main issue say the Conservatives. You don't hear prices mentioned so much, say Labour. Both true, perhaps. Yet the impression arises, and is encouraged from other reports, of the fragmentation of concerns, the unwillingness of people to line up neatly the way the parties would like them to. If there is any popular consensus it is a demand for better services and it goes across all party lines.

It underlines the volatile ironies which are increasingly apparent in our politics. To be perfect such irony should be quite unconscious as Samuel Butler once put it. Consider the coming week with its promise of barometer by-elections now clouded by confusion in the interval between the Bremen and Bonn summit meetings. Those resonant gatherings, once treated earnestly and extravagantly with a Callaghan plan to "covert policies" and, incidentally, to reflect the Prime Minister's statesmanship, now threaten the reverse.

Consider also the past week's reception for Mr. Edward Heath's Penistone proclamation that he would "continue" to fight for the Conservative Party with Mrs. Thatcher's leadership making no difference. The irony here is that the

Irreconcilable Mr. Heath really meant his speech to be a gesture of party reconciliation, or so say his close colleagues. Mrs. Thatcher is certainly prepared to gush over a peck on the cheek, counting it as all the affection she could possibly hope for. Yet her allies in the press have virtually all chosen to underline their scepticism, with commentary much akin to Mr. Heath's pointed condition that the party will still, apparently, "need to show that it is broadly based".

Ironies abound. Mr. Callaghan and the Cabinet rightly and indeed bravely bit the bullet in agreeing to top public servants' pay increases. But the psychology of simultaneously preaching pay moderation to everyone else is almost untenable. Mr. Denis Healey may well remark—and was quoted following a meeting with the Parliamentary Labour Party—that the dogs have not barked. This meant apparently that there was less TUC complaint than the Government might have expected.

But on the hustings, pay restraint appears acceptable only if the sacrifice is general, and is seen to be so. Many people are willing to applaud Mr. Callaghan for trying, but envy is reappearing and they rapidly corrode any of the credit he gets for pursuing norms and limits. Mr. Heath's other irony is that while he preaches the need for the people's moderation to be reflected in a future Conservative government, it is he, not Mrs. Thatcher, who on Labour doorsteps is most readily identified as the confrontationist. The memory of 1974 and all that is still cruel. The notion that Mrs. Thatcher might repeat the confrontation with the unions is what Labour campaigners still find one of their best scare-lines. Yet, clearly, Mr. Heath retains respect in the country as a man of integrity. Much of a following among his own party's MPs. What they envy him now is the following he appears to have among the young.

Do the ironies matter? Are they not the alibi of the political recipe? They do, I suggest, affect the party workers, particularly the casual help. The fact that Labour has apparently little new to offer in policy, except more of the same, is dispiriting to some of its most ardent supporters. They are needed vitally to help get out the votes.

What of the Conservatives? Mr. Heath's shouldering of his musket against Labour is important to them. Preposterous though it sounds to the minister, I have heard it said that he might help Labour by keeping his haughty distance.

At least those fears have been dispelled. His disloyalty—as many older Conservatives interpreted his appearance of being a bad loser to Mrs. Thatcher—is an end. No matter that there is no love feast. Papered over unity is good enough for a campaign; for the Tories, the ironies can take care of themselves.

For 15 years Mr John Profumo has shunned publicity. This weekend he re-enters the limelight

Why Mr Profumo is breaking silence

Fifteen years ago, John Profumo, a Tory MP, was a member of the Cabinet. He resigned in 1963, after a brief letter of resignation to the Prime Minister, and slipped quickly out of public life. This Sunday he will fleetingly re-enter it in broadcast a personal appeal.

His resignation was, of course, unfortunately not an episode to events, but a prologue to speculation. All through that summer, Fleet Street tried ceaselessly with the dramatic, even farcical, possibilities of a Cabinet minister sharing a lady's acquaintance with a Russian naval attaché and with the odds of atomic secrets having been spilled as small-talk. Rumour begot fresh rumour, and the offspring threatened confidence in the integrity of public administration. The final oration much came with Lord Denning's Report of his private inquiry into the whole confused affair.

What has coaxed Mr Profumo to emerge now, at the age of 63, from the shadows of a private life is the cause for which he has been working since his resignation from Macmillan's government and which, no doubt, was the reason for his CBE in 1975. Stella Reading asked him if he was prepared to volunteer for

a tough job in London's East End, and he agreed, and the day started work at Toynbee Hall. This year, when the BBC offered Toynbee's Council the opportunity of an appeal, it unanimously voted that its spokesman should be fellow council member, John Profumo.

His agreement was, by all accounts, conditional upon it being a one-off appearance. For his work to be effective in the East End he has always felt that he should avoid personal publicity, and perhaps remarkably, has succeeded in doing so. He has given no press interviews and his last speaking appearance on television was a ministerial broadcast in the early sixties.

Toynbee Hall was founded in 1884 by Canon Barnett, who was a rector of St. Jude's Church and an ardent admirer of Arnold Toynbee. It stands in Aldgate's Commercial Street, ironically enough directly opposite a modern block of flats called Denning Point. Its purpose is to act as both a clubhouse for new social projects and as a residence for selected young persons who, in their spare time, assist professional staff in the running of such projects. A sign of Toynbee's success is that much of its work, having been con-

ceived and tested in and for the East End, has later been successfully transplanted on a national scale. The Citizens Advice Bureaux are a notable example.

Since Mr Profumo has been at Toynbee he has worked closely with its warden and staff and has experienced its work at every level. He has worked with meths drinkers, collected rents, appealed to large commercial organizations and former acquaintances for funds and equipment, masterminded projects, and even worked in the kitchens. It is perhaps largely because of the skills and organizational abilities that he brought with him from government that Toynbee Hall has grown both in size and capability.

In 1967, the original building was added to when the new garagehouse was opened by the Archbishop of Canterbury. In 1971, the Queen opened the Atlee Memorial Foundation Building which was conceived by John Profumo to commemorate Atlee's long association with Toynbee Hall. In 1976, the Queen Mother came to open Sunley House which now provides extra accommodation for the elderly and mentally handicapped.

Mr Profumo also started the Toynbee Housing Society in

1955. This not merely provides cheap housing at its estate in Maidenhead for East End families in need who are prepared to move out of London, but also imports into East End accommodation people who, because of individual qualifications or experience, can contribute to the local culture and leadership. Its newest and most ambitious project is to build in conjunction with the Local Authority—a village of 150 houses behind Toynbee Hall complete with an adventure playground and sheltered housing.

The inevitable consequence of the growth in Toynbee's size and commitment is the growth in its superstructure to cope with the extra administration. Expenditure now exceeds income, existing projects are in jeopardy and new projects cannot be begun.

It is because a lack of funds threatens the future of Toynbee Hall that Mr Profumo will break his rule and speak on Radio 4 this Sunday. For him it will be a difficult moment. For his audience it may be a nostalgic or even a curious one. It will, however, be a revealing testimony to his efforts since we last heard of him.

Jonathan Caplan



John Profumo CBE: Since his resignation from the Cabinet in 1963 the former Secretary of State for War has devoted himself to helping the needy.

Tilting at windmills

There was a huge model windmill in the window. It had to be the right place. Home of a writer, suffering horribly, at that moment, from depression and a bad case of writer's block. Alan Williams' novel *The Widow's War* was published this week. To a writer, that's a long time ago. A book, it is written, and forgotten. On to the next.

All his adventure stories are based on facts—the career of Eddie Chapman (retired burglar, winner of the Iron Cross and the VC) is the basis for *The Widow's War*. The fictional hero, a double agent, Ryan, was also a double agent, and his involvement in an invasion of a Caribbean island by the widow of his former dictator (now dead) at the head of a mercenary army, has recognizable overtones. Fashionable and (quite fortuitously) though, Alan Williams has an extraordinary talent for catching the moment.

"I started as a journalist in Wales, on the *Western Mail*". This led to a career with the *Guardian* and the *Daily Express*, covering international affairs and other horrors. He loved it. Life at the *Guardian* he found dreadfully boring, very like Michael Frayn's novel *Towards the End of the Morning*. "I was the character who asked for Period in the local newspaper. I killed my career." There was also a story about pink-footed geese which appears to have been something in the nature of a last straw.

"So I wrote my first book—*Long Run South*—about the Algerian war. I had never been to Algeria, but I wrote it off the top of my head in a moment of desperation. Then I joined the *Daily Express* and was promptly sent to Algeria, and I found things hadn't changed a bit. His next novel, *Barbours* ("fair copy" made me quite a lot of money)" emerged from this, and he tells a chilling little story of coming out of a press conference in Oran with the head of AP and a French AFP correspondent and finding his car covered in blood. He wrote the word "Barbours" written on it in the dust. "This meant 'spy for the French government'." He was 26 at the time, and went absolutely cold all over. Once you were accused of being a Barbours you were in the morgue the next day.

The kind offices of the man from AP, who, being German, had a hot line to the Foreign Legion (largely staffed by Germans) got him out of that one, though there was trouble, and plenty of it in North Africa and he managed to upset the Foreign Office, the French, the Arabs and the *Daily Express*. He remembers being upset in my life but they made it in South America (and I'd never been to South America) so I was able to see what it looked like. The only thing they left in from the book was the names of the characters. They've bought a lot of mine, but never made them. Richard Burton constantly threatens to make *The Tale of the Lazy Dog*.

The Widow's War is part of his fascination with aspects of political thought. "I have no particular political views but I was—and am struck by the idea that the left and the right are always entirely similar when they become extreme—they click together like two edges of a magnet. Perón mesmerized the left and the right simultaneously—arriving back after 17 years with Marxists and Leninists shouting each other up—Peronists to a man, woman and child. I've never been to Cuba—I did order an enormous amount of Havana cigars, and propose to charge them against my tax. It cost the tax people less than it I had gone there. I feel as though I had been there."

His current obsession is his next book. "A plot which came to me in a moment of enlightenment at 4 o'clock in the morning, reading *Hitler's Table Talk*—an astonishingly boring book. After a digression lasting three pages on English public schools (Hitler's views would go down very well with the young King, has an Old Shirley Williams) he says a few words to the effect that there is no problem with oil supplies. Why not? How did the Germans continue up to May, 1945, after the Russians



Alan Williams: adventure stories based on fact.

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captured the Romanian oil fields in 1944?" There is now a stack of reference books on the war and convoy routes and charts of U-boats sunk. "I was going to call it *Dead Secret*, but they think it sounds like a Dick Francis. What I want to do is an entirely fictitious interview with Speer—in which he gives me the nod. I was at Heidelberg as a student—I know exactly where his house is, what his room looks like."

Consultations with lawyers produce sentences which begin "Well, Alan..." But at the moment there is this writer's block which in former days could be dissipated by heroic measures (like going to bed for a week) but he is now married to Antonia, and has a baby son Owen, and so things are different. In 1971 he began making the windmills. "It's occupational therapy. I am fascinated by eighteenth-century and nineteenth-century architecture, and everything in an industrial water mill is there for a particular reason. It's a very restful way of giving me a chance to think up a few more ideas."

The sight of an exquisitely detailed, precise and disciplined model some 4ft high, an original design, not a copy, quietly grinding away on Weetabix is very satisfying and in a way, comforting. The mills of God grind slowly, and write our books are not for ever.

Philipa Toomey

The Widow's War is published by Harvill, MacGibbon, £4.95. In paperback from Panther as *Gentleman Traitor*. *Barbours*, *The Beria Papers*, *Barhouse*, *Long Run South*, *Snake Water*, *The Purity League* and *The Tale of the Lazy Dog*.

What price a stately home?

With any social change there are always winners and losers. Within the equality dream there is no place for the stately homes of England. This is the dilemma.

The superb houses of the eighteenth and nineteenth centuries, in their gardens and parks, built by very unequal gentlemen and crammed with treasures obtained with disproportionately large fortunes, belong to another era. But the new, much more equal, proletariat love visiting stately homes, particularly when they are still run by a noble lord. So we want to have our cake and eat it—equality and stately homes. This means concessions on both sides and is a nettle politicians have so far failed to grasp.

Owners of stately homes have put up an astonishing battle for survival in the face of crippling taxes intended to equalize wealth. But after 30 years a crisis is now being reached where most can see little or no prospect for survival.

The July issue of the *Connoisseur* magazine on this week is devoted to illuminating articles on this problem, several from beleaguered noblemen themselves. The new Viscount Scarsdale, who inherited the title and Kedleston his family's ancestral home, at the death of his cousin last October writes with clarity of his problem.

"At present I am continuing to run the estate as before and to open the house to the public during the summer season, but in due course I am going to be presented with a gigantic tax bill which I shall have to meet somehow. As I see it, the impact of crippling taxation could either force me to sell all the land and keep with little or no the land and offer the land to the nation in payment of death duties, no doubt having to sell some of the treasures as well."

"If I follow the first choice and hold on to the Hall, I shall be left with little or no income from land with which to maintain it. . . . Perhaps it is inevitable, therefore, that I shall have to say goodbye to my ancestral home after eight-and-a-half centuries."

The Earl of Dalkeith also stresses the links between estate, house and contents, how income from the first can be used to support and conserve

the latter. He writes of homes of the Duke of Buccleuch and Queensberry, "While invested in land is means the ideal asset generating the enormous flow needed to meet our sordid liabilities, an estate helps to support the nature of home-trained architects, masons, carpenters, plumbers, which gives flexibility in dealing with servation problems."

He cites the case of the recently discovered in Bowhill which was "deserted" at the double by his estate servant team while the house was closed to the public for winter. "All the furniture had to be removed. The frisk curtains and wall coverings were taken down and cut off. All the wood along hundred feet of outer wall to be cut out, the stone or beams (cut in the estate's shops) inserted around the doors. Without a geth team of estate crafts I doubt if the task could be completed on time."

He explains the delicate balancing act between revenue and conservation expenditure which has been put in jeopardy by unexpected urgent problems. The lead roof at Drum Castle must be replaced at a cost of at least £250,000; stables block at Broughton is underpinned and stable at a cost of £375,000. The toric Buildings Council turned down an application for help.

Help, indeed, is not coming for the beleaguered home owners. And piece the crisis is deepening. Mr Binney cites the imminent appearance of the Raphael cartoon from Holkham. Holkham's Kent furniture, superb collection of naïf including no less than Claudes, is the most stunning and intact example of great house of the age of Grand Tour and virtually safe from it would be a tragedy. The cartoon for item to be sold to meet capital transfer tax liabilities the Raphael cartoon for the "Jardinier" in the Louvre, the obvious candidate. It hoped that it would go to British Museum, but the lie procedure, but the clearly of sufficiently outstanding quality it has been rejected because the Treasury's aid will not accept the value. The likelihood now is either the cartoon will be on the open market and for a price which will make original offer look like a gain, or that other fairs and works of art, which integral to the interior will offered instead—and the sad steps towards the break of Holkham will have been taken."

Geraldine Norman
Sale Room Correspondent

WIMBLEDON DIARY

Talking about dogs in the tea-room

Even when he is playing tennis, part of Jaime Fillo is always back home in Santiago with his wife, his children and his dogs. The newly elected fourth president of the Association of Tennis Professionals is essentially a family man. The ATP after all is a family of sorts who happens to earn their living as an itinerant sportsman.

Fillo is such a gentle, caring, responsible chap that it challenged belief when, three years ago, his wife was threatened—for political reasons that had nothing to do with him—when Chile was scheduled to play a Davis Cup tie in Sweden. Fillo, the Chilean No. 1, was urged to take no risks, to drop out of the team. But he played.

He is the first ATP president—his predecessors were Cliff Drysdale, Arthur Ashe and John Newcombe—for whom English is a foreign language. In spite of his studies at the

University of Miami and his subsequent travels, he still speaks a common language of tennis with accentuated care. This adds spice to the impact of his strikingly handsome looks and personal charm.

The ATP is the most powerful independent organization in the game and its president is, consequently, a figure of considerable influence. Fillo wants to achieve things during his term of office. He believes that, in general, the players want too much and do not give enough. He would like them to put more back into the game, to accept wider responsibilities for the health of world tennis. His other aim is to persuade members to have more faith in the ATP. "We'll get that when members trust the board."

These are weighty matters. The truth is, though, that our tea-room chat at Wimbledon was not primarily about the ATP, nor even about tennis. It was about dogs. When Alison Cox joined us, the conversation was soon back on course. Alison and Mark who are not totally averse to punt as long as they are sufficiently outrageous, have called their golden retriever, "Pippin". A cox's

pippin, in short. Well, never mind.

They also have a billie goat for sale (shortly due for breeding). They would even give him away, to a good home. You find out all sorts of things in the players' tea-room. The ATP president may be the only Santiago-based member of the Pyrenean Mountain Dog Club of Great Britain. But one time, the Fillo's only resident dog was an Alsatian. During last year's Wimbledon, he also acquired a Pyrenean (the Fillo's think big) because his daughter had told him not to come home without one.

Inevitably, there were problems. The Alsatian tended to start fights and the larger, stronger Pyrenean tended to finish them. Fillo's that is, with each other. This was worrying for Fillo, who is away from home, and impossible for his wife, Munday, who is not built to intervene safely in disputes between an Alsatian and a Pyrenean. Who is? So they gave the Alsatian to one of Fillo's brothers and kept the amiable Pyrenean. Fillo arrived in England this year with more dog-shopping

he must insist, Fiona, on your seeing the bottom man.



to do. This time, he was looking for a second Pyrenean—a bitch (he has one on order). Their resident Pyrenean is a

dog. Did he contemplate breeding? No, he said, that was not the idea. But he appreciated the possibilities inherent in having a dog and a bitch roaming together, die other hand, do contemplate breeding. Newfoundlanders. Really! The amount of mobile dog meat lumbering about these tennis pillars' houses is frightening. Fillo's dog King has an Old English Sheepdog, a gift from his brother, Francoise Durr, an Alsatian. She calls it "Toppin" and has trained it to carry her rackets on to court. "Toppin" keeps calm by sitting on the steps of the swimming pool at home in Phoenix and, on tour, is getting used to being wheeled in a box on airport trolleys.

The Evert household has acquired a Siberian husky. Christine Evert says her parents would not have a dog while the children were growing up. But her younger sister, Jeanne, fell for Terry Holladay's Samoyed and Miss Holladay tried to find another to give her. No luck. A Siberian husky seemed to be the next

best thing. The Everts are delighted to have it around. Most of the dogs, as we have noticed, are large but they come in all sizes. The muscular Martina Navratilova has a poodle called "Racket". Roscoe Tanner's mighty left arm often cradles "Maxwell", a Yorkshire Whiskers, a Yorkshire terrier. Tanner likes the name Max. After constitutional in the early morning dew, the young terrier often came back with its whiskers dripping and pungently aromatic. So the Tanners dressed up the name in the cause of descriptive humour. First prize, though, still goes to Cox's "Pippin".

The problems fall into two areas—the people outside the grounds and those inside. Thousands spend a lot of time and money travelling long distances in the often ill-founded hope that Wimbledon will have room for them. Thousands line the pavements outside the gates, noting with irritation that there are not enough stewards to prevent queue-jumping. One solution is to make Wimbledon an all-ticker occasion, selling all the tickets in advance. But if that happened, Major Mills reckons the spivs would move in. He has a point.

Already Wimbledon have tried to restrict the size of the crowd inside the premises so that everyone can see some tennis. The question of making simplified announcements—directing the public to courts with viewing space—was worth

All England Club. "Circumstances do change from year to year." Well, maybe we should give the club more credit for that. But from time to time they need reminding that the swarming crowds who bring them such fat profits deserve more than gratitude and sympathy.

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thinking about, says Major Mills. "But it would be awful disconcerting for the player. Point contested. The players' professional entertainers. A sentence announcement three times a day would do the no harm. Wimbledon is as good as a chess compared with most of the places they play in. Four new courts, already in will be ready for use next year or in 1980. In the coming month, Wimbledon will raise the roof of the cent court to make room for one people. Altogether it should be possible to accommodate 3,000 more spectators."

Drop of wine per word

Wimbledon's press charges 60p for a glass of wine. The *Guardian*, the *New York Times* and *The Times* form the most wine school taking it in turns to bump a 1.5 litre bottle into the writing room and thus lubricate their evening labours. Well, the amount, to only half a litre. About a drop of a word.

Rex Bellamy



THE BREMEN INITIATIVE

The Bremen Summit of the European Community had long been expected to be little more than an opportunity for the nine leaders of the European Community to take a significant step of their own in the field of monetary integration.

The final communiqué agreed at Bremen marks a significant step by the Community towards accepting the ideas put forward by Germany and France for a new arrangement aimed at linking major currencies together. It seems likely that the next meeting of the European Council in Brussels in December will decide to implement the scheme being worked out by finance ministers, at least in so far as it involves France and Germany.

Britain, however, is right to be cautious in its support for the setting up of a European currency zone. The attractions of such a scheme are obvious, as they have been since the beginning of this decade when the idea first gained favour. But the difficulties and disadvantages are also very great and they have been sufficiently powerful to wreck earlier schemes. If a new initiative is to succeed it will have to start by convincing financial markets that things will be different this time.

It is, however, important to distinguish between the desire for more stable exchange rates and a desire to return to a regime of fixed rates. Very short-term fluctuations in the parity of a currency are often caused by no better reason than a speculator's whim, but if that is all they rest on they are unlikely to last long.

THE LEBANESE DILEMMA

When Syrian forces entered Lebanon two years ago their action was generally regarded with a certain sympathy and understanding in the West. Their aim was understood to be to save Lebanon from being either overrun by the Palestinian-leftist alliance or partitioned in the event of successful resistance to that alliance in the mountainous heartland of the Maronite Christians; and also to bring the ruinous civil war to a rapid if drastic close by the imposition of an external authority whose superior force everyone would have to respect.

In the event those aims were only partially achieved. A decisive defeat was inflicted on the Palestinian-leftist alliance, and a kind of Pax Syria was imposed. But Syrian forces did not move into the south (where Israel gave notice it would tolerate them) or, in any significant numbers, into the Maronite enclave in the north, embracing the coast and the mountains from East Beirut to just south of Tripoli. In the south, consequently, the war rumbled on between Palestinians and Israeli-supported Christians, until this spring direct Israeli intervention led to the introduction of United Nations forces. In the north the Maronite militias were left in effective control of an enclave which had been almost totally purged of Muslims (whereas many Christians continue to live in the Syrian-controlled area). A *de facto* partition thus remained in being, even though *de jure*

enough to do great damage. If reducing instability alone is the goal, the experience of recent years is not a happy omen. The willingness of the monetary authorities in a number of countries to intervene very heavily has tended to create more instability rather than less by giving speculators what is often a one-way bet. That is one of the reasons why we have consistently called for the Government to pursue a policy of allowing the pound to float freely without trying to decide what the correct rate for sterling is.

If intervention is the wrong response to short-term instabilities, there is even less case for using it to stop adjustments when parities move fundamentally out of line. The distinction between short-term fluctuations and more basic changes affecting the parity of a currency is clearer in theory than it is in practice. The Heads of Government in Bremen seem to have agreed that any scheme must allow for the possibility of adjustment in parities. Yet there seems a deep ambivalence on the part of many of the leaders present in Bremen over whether they are concerned merely to have a scheme which prevents short-term fluctuations but allows regular changes of parity, which would be similar to the oft-mooted "crawling peg", or whether they are actually hoping to "make the much greater leap" to a world of fixed exchange rates.

The leading role in formulating the scheme has been played by the German Chancellor, Herr Schmidt, and the relationship between the mark and the dollar was the most important factor influencing him. Yet the domi-

nant feature of this relationship has not been fluctuation but the consistent rise of the mark and the devaluation of the dollar. The German Government has resisted this as effectively as it could but to no avail. Yet it clearly hopes that the new arrangement will make it easier to prevent further appreciation against the dollar. There is a grave danger that even if such an argument were true it would just be a means for spending more money to resist parity adjustments which should happen in any case.

There is a similar problem within Europe. Inflation rates differ widely between members of the Community. It would be excellent if all the countries which have high inflation were able to reduce it to the level currently enjoyed by Germany. But unless they do the pressure from currency markets for changes in parity reflects a need for real adjustments. In recent years there have been very large movements in the nominal exchange rates of currencies but relatively little change after allowance is made for differences in inflation. This fact is often adduced to suggest that currency movements cannot play a role in adjusting the international balance of payments. In fact, they suggest the opposite. The currency adjustments which occur have, on the whole, been the result of compensation for different inflation rates. These differences in inflation rates have come from within the different national economies. It is on getting those national economic policies right that the search for greater stability must concentrate.

The rapid deterioration of Syrian-Maronite relations has placed Mr Sarkis in an impossible position, especially now that the Syrians have reacted to Maronite provocations (which there undoubtedly were) by intensive shelling of residential areas in East Beirut. However worthy the Syrians' aims, this cannot be a justifiable way to achieve them. Indeed it may well have the opposite effect to that intended, solidifying the Maronite community under the hardline leadership of the Gemayel and Chamoun families, cementing the hitherto fragile alliance between the two, and encouraging both to rely on Israeli protection.

It may have been a coincidence that the Syrian guns stopped firing just after Israeli jets had screamed over Beirut at very low altitude, though probably few Maronites would believe so. An at least equally potent factor was the publication of President Sarkis's intention to resign. The effect of his resignation (which may yet be announced today) would be to deprive Syrian power of its Lebanese figleaf, thereby forcing the rest of the world to reconsider its attitude to Syria's role. It would not legitimize Israeli intervention, but it would de-legitimize Syrian intervention. Israel is a dangerous and divisive friend for Lebanese Christians to choose. We should not let them feel that she is the only friend worth having. Mr Sarkis should not only be urged to stay, but should be offered whatever support he needs.

GUYANA'S DUBIOUS REFERENDUM

The referendum being held in Guyana on Monday has understandably caused anxiety both in Guyana itself and overseas. The voters will be asked to approve a Government Bill which does away with the need to hold referendums on changes in the constitution in the future, and so removes one of the main safeguards written into Guyana's constitution when it became independent in 1966. The suspicion of the opposition, and of a number of independent groups, such as lawyers, doctors and the Guyana Council of Churches, is that Mr Forbes Burnham, the Prime Minister, has devised it as a ploy to maintain himself and his party, the People's National Congress (PNC), in power indefinitely. And it is hard to see that this suspicion is wrong. So the referendum is likely to be a critical event in Guyana's development as an independent country.

Mr Burnham and the PNC maintain that the real object of the referendum is to authorize the writing of a new constitution. The present constitution, they say, is too rigidly rooted in the

colonial past, and needs to be replaced by one better suited to Guyana's socialist aims. Once the voters have approved the Government's Bill, the National Assembly will set about writing such a new constitution. But the party's campaign literature is so disingenuous as to be almost cynical. It almost completely overlooks the specific points of the removal of the referendum requirement, while speaking expansively about the participation of "the people" in the writing of the new constitution. It also makes it clear that once the Bill is approved, the National Assembly will be able to make constitutional changes with a two-thirds majority, which is what the PNC has—though it might lose it if the election due this year is held.

On the face of it, of course, there is nothing at all objectionable about all this. Mr Burnham and the PNC are strictly following the provisions of the constitution, and if the voters of Guyana want to make changes in it by referendum, that is their right. But the doubts arise because of the chequered history of elections in Guyana. There is no

question that Mr Burnham was helped to his present big majority in the National Assembly by a considerable amount of vote rigging, much of it financed by the Central Intelligence Agency and others who mistakenly saw him as a moderate counterweight to the leftist approach of Dr Cheddi Jagan and his People's Progressive Party. Many of the fraudulent votes came from Guyanese supposedly resident overseas, in Britain and elsewhere, and the assumption is that unless a close watch is kept on the results the same could happen again.

The best way for Mr Burnham to avoid criticism of this sort is to ensure that the referendum is scrupulously conducted. Otherwise Guyana is likely to be one more example of a country in which the party in power at the moment of independence succeeds in overriding the safeguards written into the constitution. In Guyana, safeguards are necessary because of the tensions between those of Indian descent and those of African descent, which have caused trouble in the past and could do so again.

European armaments

From Mr Egon Klepsch
Sir, I welcome your leading article of June 24 concerning "Mr. Trench's call for the EEC to work in NATO, where appropriate, may be a step towards the military cooperation with the military authorities of the Atlantic Alliance, create a structured European armaments industry which could provide the European end of the 'two-way street' in arms sales between Europe and America." Mr Davignon, the competent Commis-

sioner, welcomed these proposals and promised the Parliament that the Commission would make appropriate proposals in the near future. I hope that the member Governments of the Community, meeting in the Council of Ministers, will face up to their responsibilities in agreeing to the proposals that the Commission should, shortly, put forward. Yours faithfully,
EGON KLEPSCH,
Centre européen,
Platz du Kirchberg,
Luxembourg.

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EGON KLEPSCH,
Centre européen,
Platz du Kirchberg,
Luxembourg.

The Churches' need for partnership

From the Bishop of Manchester
Sir, Your Religious Affairs Correspondent (June 25) says that there is a need for arguments for church unity. May I attempt to state one very simply indeed, particularly with regard to the ordained ministry which is the "King Charles's head" of Anglo-Saxon unity conversations? It is this: that in "the mainline" churches at least, we should not be in a position to accept one another as partners, not rivals, in the service of the Kingdom of God—and this means intercommunion. Already there is de facto a large measure of acceptance as partners (not merely of polite goodwill) and it is time that we closed the gap between *de jure* theories, often based upon the theology of yesterday and the history of the day before, and *de facto* reality. To anyone who takes seriously the alienation of the great mass of our people from any kind of church life, it must seem amazing that we have not almost done this already.

After each initiative for church unity that I can remember, a cry has gone up that anyone who wishes to depart from the status quo is being "woolly" in his thinking. The cry is, in some cases, used in a British summer—more useful than a fossil, at any rate. But in fact the Churches' Unity Commission has not been in the least woolly in its thinking. It has been careful to respect convictions about what we have received, including episcopacy in the apostolic succession, and also to take note of experiences in which the Holy Spirit seems to have been clearly at work.

In accordance with Proposition 6

it has drafted an Ordinal to submit to the negotiating churches for their common use, so that a progressively unified ministry could serve the growing together of churches. At the same time, it has always been obvious to us that there was no chance of a sheer submission on the part of (say) non-episcopal Free Churches to the Church of England, any more than one on the part of the Church of England to Rome. The only Christian course is one of reconciliation, and such a course inevitably involves a period in which some "anomalies" are accepted. We may reflect that if the early (or medieval) Christians had not been likewise to accept some anomalies (at first sight very unwelcome to them), we should not have had any Gentile Christianity at all.

Finally, I take leave to doubt your correspondent's fine-sounding paragraph about the supreme importance of valid Orders in times when "the tumblers are rolling through the streets." Neither I nor any of my Anglican colleagues are indifferent to the concept of validity, but I seem to remember that when Jews were being slaughtered in Europe in the 1940s (or Christians in the USSR today, as Bernard Levin does not cease to remind us) there were a good many clergy of impeccably valid Orders who produced very little effect on the situation. I think that if I were on the verge of entering a concentration camp I should not want to despise mere "effectiveness" in the ministry of Christ.

Yours faithfully,
PATRICK MANCHESTER,
Bishop of Manchester,
Barry New Road,
Manchester.

Tax on farm land

From Mr M. J. Pumphrey
Sir, We refer to the article "Lairds increasingly anxious at tax threat to land" on page 3 of *The Times*, Tuesday, June 27. The article, written by Mr Trotter, of Charterhall, Duns, is quoted as saying that it was a disincentive to improve the two tenanted farms on his estate because the income from them is treated as earned income. This is clearly a mistake, as a printing error because farm rents are treated as unearned income and Mr Trotter will therefore be subject to the investment income surcharge in this case.

However, this point is but one example of the discriminatory fiscal treatment affecting owners of tenanted farmland. Other features are:

- (1) Let land does not have the benefit of the business assets and working farmer reliefs for Capital Transfer.
- (2) The business assets roll-over on the maintenance costs of let land is not allowable against tax.
- (3) Overdraft interest incurred on the maintenance costs of let land is not allowable against tax.
- (4) Agricultural rents are exempt for VAT purposes, which prevents the recovery of VAT on

repairs carried out by landlords to their farms.

All these factors combine to discourage agricultural landlords from fulfilling their traditional role of investing in improvements to their farms. We see the landlord-tenant system as a business partnership between the owner and the tenant farmer who together share the burden of providing capital and who therefore both make their contribution towards food production. It is the failure of the Government to tax let land as a business, which it undoubtedly is, which disappoints our members. The agricultural landlord should not be compared to an owner of shares. He has many responsibilities of management and genuinely earns his income, unlike an investor in the stock market.

Unless these fiscal anomalies are removed, more and more farms will be taken into hand with the inevitable result that it will become impossible for a young person to enter farming as a farm tenant.

Yours faithfully,
M. J. PUMPREY,
Scottish Landowners' Federation,
18 Abercromby Place,
Edinburgh,
June 28.

Cost of technology

From Mr David Griffiths
Sir, Your leading article "Chips with everything" (June 24) rightly raises the problem of loss of jobs in the 1980s and 1990s as a result of advances in the micro-electronics industries. For the past 25 years conventional wisdom has been that the answer to the problem of rising unemployment is to be found in technical progress and economic growth. Logically such a solution can only be short term (could growth go on for ever?) and limits are likely to be both physical, eg. limited natural resources and diffi-

culty of waste disposal, and political, eg. tensions between rich and under-developed nations. Yet if growth is to be rejected sooner or later, which I believe it must be, it is essential that we avoid rejecting those technical changes necessary to keep our industries internationally competitive. The answer to the problem then is how we can make social and economic adjustments towards a future offering fewer jobs. I believe the answer lies to a large extent in changing our attitude to, and definition of, work. The relationship between our conventional jobs either by shortening the working week or by working for intermittent spells of say two to three years. Such work could be considered as "seasonal" and would embrace the nationalised industries and large scale private industry. Individuals would however also

have a second job, the prime objective of which would be to satisfy their need for creative activity. Indeed it could be looked on as an extended hobby, but would also have some definite economic and product. Such jobs would embrace the traditional crafts, the arts, social work and so on, and would be likely to result from self employment or work in small groups. Money hitherto paid out in unemployment benefit could be used to subsidise such activities until they were self-sustaining.

Among the advantages of this work pattern would be the lessening of tension between employers and unions in conventional industry. If a man feels that his "national service" employment is only part of his working life, and that in the event of there being fewer such jobs at least they would be shared equitably, many of the confrontation issues we now have would be defused. Conversely, the experimental nature of the second jobs would provide an opportunity for different forms of industrial democracy to be tried out on a small scale. Perhaps some of your readers who are professional sociologists or economists would care to comment on these suggestions. I realise how very many practical problems would have to be overcome. Yours faithfully,
V. P. GRIFFITHS,
35 Warton Moor Road,
Northrop,
Middlesbrough, Cleveland.

Royal College of Art

From Professor Frank Height
Sir, Caroline Moorehead's long piece on the Royal College of Art (July 3) is perceptive but not fair.

The problems she discusses are not new. They are part of the history of art and design education. In that history, two dilemmas constantly recur: the relationship between analytical and intuitive thought in design, and the relationship between the idealism of the designer and the hard realities of industry and commerce. Simplistic answers are beguiling, but inadequate.

On a matter of fact, however, the impression given of the college's attitude towards industry is inaccurate. In the School of Industrial Design, for example, there are excellent relationships with the car industry at home and abroad which are reflected in the School's profile, students being sponsored by Ford, Chrysler and British Leyland on a regular basis. Beyond this, however, the school has current projects with ICI, Smiths Industries, Boots, Pyral, Lucas, IBM, GKN, Sankey, Baker Perkins and British Oxygen as well as many individual arrangements with other industrial concerns. Most students enter industry or design offices on leaving. Eight per cent of the school's output is Furniture Design, for example, are working in Terence Conran's office. The majority of the staff, rightly in my view, are practising designers professionally involved with industry who bring their experience into the school.

Internationally, the school has

has regularly won the major awards in the Braun Prize, the most important competition in the world for young designers and we have recently formed an International Consortium of Design Schools with major schools in the USA, Canada, India, Japan, Sweden and the German Democratic Republic. The consortium, as can be seen, represents a wide spectrum of international design philosophies and provides a window on the world.

The college, in my view, is a unique asset which will be of increasing value to this country in the critical years ahead. Yours sincerely,
FRANK HEIGHT,
School of Industrial Design,
Royal College of Art,
Kensington Gore, SW7.

From Mr John May

Sir, Caroline Moorehead seems unnecessarily and distortingly gloomy about the Royal College of Art (article July 3). Surely their job is to teach; not to act as an employment agency, but to foster talent that British industry can draw upon if it has the will and the wit to do so. This in my experience the College does admirably. We have twice this year sought the help of the RCA on design projects; in both cases we have been confronted with a formidable fund of talent provided by students who had an enthusiastic and, I must admit to me, surprisingly realistic idea of the disciplines of industry. Yours faithfully,
JOHN MAY,
Heredity Ltd.,
Sonsall Hill,
Kirkby Stephen,
Cumbria.

Threat to Ribble estuary bird refuge

From Professor W. H. Thorpe, FRS
Sir, The European conservation and shooting organisations will watch with interest Britain's handling of the threat to the Ribble estuary, from reclamation. The fourth most important estuary for birds in Europe, it is used by no less than 220,000 migratory wading birds, over 11,000 ducks and up to 25 per cent of the world population of pink-footed geese. It is internationally important for 14 individual species, as well as being a nationally important site for breeding birds. It is a natural area, it is not a park, and it is shared with many other countries spread across four continents.

The British Government's strong stand against the shooting of skylarks by the French, now halting progress on EEC legislation to protect birds and their habitats, may well be seen as applying a double standard if, at the same time, Britain takes no effective action to safeguard the well-being of the birds that depend on the Ribble for their survival.

Yours faithfully,
W. H. THORPE, Chairman,
The International Council for Bird Preservation, British Section,
c/o British Museum (Natural History),
Cromwell Road, SW7,
July 6.

From Mr Michael E. Johnston
Sir, The report in your issue of July 4 (Ribble estuary farm plan) reveals also only a part of the story and of the risks to which other farms are exposed. So long as Common Market prices are at twice or even three times the world level, and are paid on everything that can be produced, regardless of whether it can be consumed in the Community, inevitably it is profitable, though not economic, to "develop" even the most marginal land. Moreover, if the "development" is mainly drainage work, I believe this can be granted aid by our own Ministry of Agriculture at up to 70 per cent of the cost, thus relieving the developer of a substantial part of the cost of his total investment.

Thus, the British Government might well in the end find itself paying more to destroy an irreplaceable refuge for birds, plants and indeed man, than it would cost to buy and preserve the site as it is. Yours faithfully,
MICHAEL E. JOHNSTON,
3 The Terrace,
Barnes, SW13,
July 4.

Britain and Rhodesia

From Mr Gerald Kidd
Sir, Mrs Elspeth Huxley's strictures on British policy on Rhodesia (Letters, June 30), were founded and admirably reasoned though they are, contain nothing constructive. Dr Owen is reported (*The Times*, June 26) as having expressed the hopes "that all concerned will come to their senses and that something could be done about peace in Rhodesia." The Rhodesians would come to their senses if they could see the light. There has been an agreement reached between black and white leaders in Rhodesia, but a substantial number of people are of the opinion that only a minority of Rhodesians favour that internal settlement. Many on the other hand hold a contrary view. That is not a matter on which the Americans or the Russians or any government—including the British—outside Rhodesia should adjudicate. It is a matter affecting the lives of Rhodesians and they alone should make the decision.

Surely the democratic way to proceed is to put the matter to the test by giving the earliest opportunity to all Rhodesians to vote. The main excuse for not holding a referendum on the subject has been, I understand, the difficulty of preparing an electoral roll. That however is a necessary operation which should have been commenced, and expedited months ago and Britain as the power responsible should be giving every possible help in that connection, so that all those Rhodesians, whether presently inside or outside Rhodesia and who are qualified to vote, may have their names included on an electoral roll preparatory to a vote being taken as to whether or not the agreement reached internally has popular support, and if so to what extent.

If democracy is to survive in Africa surely a free vote in Rhodesia in present circumstances should have the support, not only of the existing Rhodesian Government, but also of democratically elected governments everywhere. What can the Foreign Secretary do, Sir?—Let the people vote! Yours faithfully,
GERALD KIDD,
Travellers' Club,
Pall Mall, SW1,
June 30.

Dual mandate

From Mrs Juliet Lodge
Sir, During the spring I conducted a survey of Members of the House of Commons on the subject of the dual mandate. Among other things, the question of retaining the dual mandate.

Two hundred and ninety-five MPs completed the questionnaire. Over 60 per cent did not feel that the retention of the dual mandate was desirable in order to maintain links between the European and Westminster Parliaments (a finding that did not vary much across the parties), and 57 per cent favoured the dual mandate's abolition. However, over 85 per cent felt that there should be some control by national parties over Members of the European Parliament (MEPs) and 55 per cent felt that the dual mandate would assist this.

As to the question of whether or not the dual mandate impaired efficiency, 74 per cent felt that it did not, although 87 per cent of respondents who had been or were dual mandated MEPs felt that the dual mandate had been a source of strain (a finding perhaps corroborated by the slightly higher mortality rate among dual mandated

From Mr Derek Barber
Sir, Compulsory purchase by a government department may be regarded as imposition of bureaucratic will on the freedom of private individuals. I would, therefore, be grateful for the opportunity to explain why my Society is urging the Nature Conservancy Council to use these powers for the first time since it was set up 30 years ago in order to save a site of international ornithological importance, the Banks Marsh region of the Ribble Estuary, from agricultural reclamation by its new owner. [Ribble estuary farm plan—Report July 4.]

When the site came on the market every effort was made to negotiate purchase. All failed, despite the fact that an offer was made which we had been told would be acceptable. Had the new owner wished to carry out any form of industrial development the matter would certainly have gone to public inquiry, but agricultural reclamation is not subject to planning control however extensive its effects.

This is a manifestly unsatisfactory state of affairs, which does not reflect the current shift of opinion towards the view that areas of high ecological importance or landscape value should be safeguarded and which leaves open no other avenue than the initiation of compulsory purchase order procedures if the owner declines to negotiate a Nature Reserve agreement with the Nature Conservancy Council.

However, such procedures are not applied blindly. The Minister's consent must first be obtained and he will surely take into account the balance of advantage to the nation and the public opinion. So just as he would at the conclusion of a public inquiry. The price paid for the site would of course reflect its current commercial value.

Thus in the absence of other procedures to protect listed biological sites against destruction, the initiation of compulsory purchase is not merely the only course open but also a means of ensuring that the pros and cons are properly considered. In deciding whether to pursue this course, the Nature Conservancy Council should be confident that they will have much support. If they now fail to move, they will undermine the progress made in the battles for Amberley, Exmoor and other key parts of our national heritage.

Yours faithfully,
DEREK BARBER,
Chairman, Royal Society for the Protection of Birds,
The Lodge,
Sandy,
Bedfordshire,
July 5.

tunity to all Rhodesians to vote. The main excuse for not holding a referendum on the subject has been, I understand, the difficulty of preparing an electoral roll. That however is a necessary operation which should have been commenced, and expedited months ago and Britain as the power responsible should be giving every possible help in that connection, so that all those Rhodesians, whether presently inside or outside Rhodesia and who are qualified to vote, may have their names included on an electoral roll preparatory to a vote being taken as to whether or not the agreement reached internally has popular support, and if so to what extent.

If democracy is to survive in Africa surely a free vote in Rhodesia in present circumstances should have the support, not only of the existing Rhodesian Government, but also of democratically elected governments everywhere. What can the Foreign Secretary do, Sir?—Let the people vote! Yours faithfully,
GERALD KIDD,
Travellers' Club,
Pall Mall, SW1,
June 30.

MEPs in the European Parliament than national MPs) and 57 per cent of them believed that it impaired efficiency.

The abolition of the compulsory dual mandate highlights the need to ensure that national parliaments should not become isolated from the European Parliament and vice versa. However, I should like to endorse Mrs Tugendhat's view (letter, June 27) that at least a small proportion of MEPs should be permitted to hold a dual mandate (if they so desire) since they will at least have a direct parliamentary experience of Westminster if not of the European Parliament.

Instead of wasting time worrying about the possibility of rivalry between Westminster and the European Parliament, attention should be given to how to effect planning, coordination and cooperation between the two parliaments in order that the efficiency and effectiveness of members of both may be enhanced to the benefit of the voters and good government. Yours faithfully,
JULIET LODGE,
Department of Politics,
University of Hull,
Hull,
June 27.

Non-metric measures

From the Director of the Metrication Board
Sir, Colloquialisms like "litre" may well be used in some countries (Mr Manton, letters July 1) although an Italian visitor in this office had never seen of the Italian examples quoted by Mr Manton. But they are words for round metric quantities.

Children in this country are taught metric because of advice given by governments from the late 1950s onwards. The imperial weights and measures children hear at home end in shops are not words used to express metric weights and measures; they are a completely different and confusing system. That is a complication that teachers are rightly concerned about.

Most of Mr Manton's so-called non-metric examples are indeed metric. The nautical mile and knot used internationally is defined in metres. It is slightly shorter than the old United Kingdom nautical mile. Some nations use imperial in preference to metric. But these are often in dozens has no more to do with metric or imperial mea-

ures than has the fact that cigarettes are packed in tens and twenties. Carats are metric: One carat is 0.2g. The dealer system of measuring three carat diamonds is metric. If screws, nuts, bolts and metal pipes are to inch based standards then naturally they are defined in inches. Industries in the English-speaking countries have decided to adopt international metric standards. For many years tyres have been described in a mixture of metric and imperial.

Yours faithfully,
FRANK LACEY,
Director, Metrication Board,
22 Kingsway, WC2,
July 6.

Average weather

From Mr C. H. Rand
Sir, Mr Shaw-Taylor (July 3) should know better. Be it tempest or rain, above or below average, it will be cold and wet. Yours sincerely,
C. H. RAND,
13 Netherby Park,
Weybridge,
Surrey.

Rain wins and Lancashire have most cause to feel deprived

By Richard Streeton
MANCHESTER: Lancashire (Spits) drew with Kent (55).

Everything possible was done at Old Trafford yesterday to obtain a result before drizzle set in at tea time and finally undid everybody's best laid plans. Until both sides and much light had been shrouded, of Kent's batting strategy was to strengthen their place at the top of the table while Lancashire, with equal urgency, just wanted a win. As the end was Lancashire who had the most cause to feel deprived.

Lancashire were set 182 to win in 65 minutes and 20 overs which seemed within their powers on the basis of the rain. As the rain came on the lawn in a croquet match, Kent's generosity, however, was forced upon them by their own needs. Lancashire have feared the rain consequences, having watched its own opening pair, 164 minnows run to gether all credit to Kent. Kent's generosity, however, was forced upon them by their own needs. Lancashire have feared the rain consequences, having watched its own opening pair, 164 minnows run to gether all credit to Kent.

These two umpires consulted together regularly but kept the game going as long as possible. On one occasion they took the players off for rain, they popped in and out of the pavilion every five minutes or so. It was possible. During the stoppage, Kent declared without knowing the exact time. Kent declared without knowing the exact time. Kent declared without knowing the exact time.

The rain was not set a winning target of 227 but never looked like meeting any sort of challenge. Kent's bowlers, however, were not set a winning target of 227 but never looked like meeting any sort of challenge. Kent's bowlers, however, were not set a winning target of 227 but never looked like meeting any sort of challenge.

Lord's Brearley's confidence came flooding back with an unbeaten 70 for Middlesex and he completed a happy day by taking the crucial catch that probably robbed Essex of 12 victory points. Brearley was the battle against Essex, including three off successive balls, in a fine innings of two hours and 28 minutes that

hit three more in one over by Shepherd and two more from another, all to different parts of the field. Kent's bowlers, however, were not set a winning target of 227 but never looked like meeting any sort of challenge.

Hogg forced Lyon to stand as far back as he does for Croft, but for all his successes Hogg had been suffering from a nagging back strain that will not go away. He retired early for treatment once again and will have the sympathy of anyone who has ever had to contend with spinal problems.

Second Innings
Kent: 1-179, 2-179, 3-179, 4-179, 5-179, 6-179, 7-179, 8-179, 9-179, 10-179, 11-179, 12-179, 13-179, 14-179, 15-179, 16-179, 17-179, 18-179, 19-179, 20-179, 21-179, 22-179, 23-179, 24-179, 25-179, 26-179, 27-179, 28-179, 29-179, 30-179, 31-179, 32-179, 33-179, 34-179, 35-179, 36-179, 37-179, 38-179, 39-179, 40-179, 41-179, 42-179, 43-179, 44-179, 45-179, 46-179, 47-179, 48-179, 49-179, 50-179, 51-179, 52-179, 53-179, 54-179, 55-179, 56-179, 57-179, 58-179, 59-179, 60-179, 61-179, 62-179, 63-179, 64-179, 65-179, 66-179, 67-179, 68-179, 69-179, 70-179, 71-179, 72-179, 73-179, 74-179, 75-179, 76-179, 77-179, 78-179, 79-179, 80-179, 81-179, 82-179, 83-179, 84-179, 85-179, 86-179, 87-179, 88-179, 89-179, 90-179, 91-179, 92-179, 93-179, 94-179, 95-179, 96-179, 97-179, 98-179, 99-179, 100-179, 101-179, 102-179, 103-179, 104-179, 105-179, 106-179, 107-179, 108-179, 109-179, 110-179, 111-179, 112-179, 113-179, 114-179, 115-179, 116-179, 117-179, 118-179, 119-179, 120-179, 121-179, 122-179, 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ACCOUNT DAYS: Dealings Begin, Monday; Dealings End, July 21. \$ Contango Day, July 24. Settlement Day, Aug 1
\$ Forward bargains are permitted on two previous days

§ Forward bargains are permitted on two previous days

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THE TIMES

BUSINESS NEWS

Personal
investment and
finance,
pages 20 and 21

Productivity pact offer as strikers at Chrysler told: pay limit stands

By Edward Townsend

Hopes of a settlement of the strike by 350 toolmakers at Chrysler UK's Coventry plant emerged yesterday during talks between top union and company officials and two government ministers.

In the event of total opposition from the Government that the company should be allowed to breach the pay guidelines, both Chrysler and the engineering union agreed to open negotiations on a self-financing productivity deal for the toolmakers.

Shop stewards representing the strikers are to be advised by union officials at a meeting today to accept the proposal, which is conditional upon an immediate return to work.

It is not certain, however, that the toolmakers, angry over the erosion of differentials, will accept the compromise. They might insist that the company honour an agreement made with them three years ago which would involve a breach of the Phase Three 10 per cent guideline.

Mr Terry Duffy, president-elect of the Amalgamated Union of Engineering Workers, and a Chrysler team led by Mr George Lacy, managing director, met Mr Alan Williams, Minister of State at the Department of Industry, and Mr Harold Walker, Minister for Employment, to try to convince them that the toolmakers were a special case.

But both ministers stressed that any settlement had to be within the guideline. Compliance with government pay policy was a condition of continued state aid under the 1976 Chrysler rescue agreement.

After the meeting, Mr Lacy and the union said in a statement that the company was prepared to investigate and discuss with the toolmakers a self-financing productivity scheme

which would be acceptable to the Department of Employment. The first meeting would take place on the day the strikers returned to work.

Meanwhile all Chrysler car assembly remains at a halt. The Coventry strike has forced the lay-off of 3,000 other workers, and at the Linwood plant in Scotland a strike by paint shop men has made another 4,000 idle.

Clifford Webb writes: Officials of the Government's Advisory, Conciliation and Arbitration Service (Acas) were holding separate talks with management and shop stewards at BL Cars, Swindon, Wiltshire, last night to try to settle a 10-day-old strike threatening widespread lay-offs.

Swindon produces about a third of all BL body panels. With press work at a standstill and stocks running out, assembly of seven Austin Morris and Rover models could be halted near work.

The first casualty is expected to be the Maxi body assembly line at Cowley. It could be followed soon after by lay-offs at Longbridge (Mini and Allegro) and Abingdon (MG sports cars).

The strike by 640 operatives follows management moves to introduce more efficient methods of working. It is part of a groupwide productivity drive being undertaken with unusual vigour by plant managers.

Productivity deal: A self-financing productivity scheme which could boost earnings by as much as £13.70 a week was approved yesterday by 4,500 shop-floor workers at the BL truck and tractor factory, Barchess, West Lothian. The deal comes a fortnight after the company had issued a warning about declining productivity.

No help for insurance levy in state industries

The Government has decided against helping Britain's nationalized industries to meet the 1½ per cent increase in the National Insurance surcharge.

State chairmen were advised yesterday by Mr Joel Barnett, Chief Secretary to the Treasury, to take this cost into account in their pricing policies.

The 1½ per cent increase in the surcharge flows from deficit of the Government over the standard rate of income tax. Ministers wanted to make the increase 2½ per cent to recoup lost revenue but, after Liberal pressure, backed the 1½ per cent figure.

Precise implications of the surcharge increase were not unveiled yesterday in Mr Barnett's written reply to Mr John Sever, Labour MP for Ladywood, Birmingham, who asked what adjustments were to be made to cash limits.

In his reply Mr Barnett said: "The Government has examined the position as it affects the 1978-79 cash limits and concluded that for Rate Support Grants purposes the increased cost should be treated as eligible for grant at the normal rate at increase Order Stage, and the cash limits will be adjusted accordingly."

"The cash limits relating to the health authorities in England, Scotland and Wales will also be raised to cover the extra cost."

"Details of the changes this involves will be published in due course in the normal way," Mr Barnett continued. "It is not proposed to amend the remaining central government cash limits, and the cash limits covering local authorities' capital expenditure, on account of the increase in the surcharge."

But he added: "The cash limits on nationalized industries' external borrowing have always been seen as different in kind from those on other types of public expenditure. "In general, nationalized industries should treat it as a cost and take it into account in their pricing policies."

Hambros support for Reksten loans

By Bryan Appleyard in London and George Dawson in Oslo

The Norwegian Government-backed Guarantee Institute for Shipping has offered to continue guarantees on loans made by Hambros to Reksten Shipping until the end of 1979.

After 1979 the GI is taking Hambros at its word that there will be an upswing in the market, and if that fails to materialize the bank would have to bear much of Reksten's losses and accept longer repayment periods. Meanwhile, Hambros has revealed "substantial" but unquantified provisions against Norwegian loans.

These provisions, according to today's issue of *Arbeiderbladet*, the authoritative Norwegian newspaper, have been communicated in a letter to Hambros. In London the bank confirmed it had received a letter from the GI, but would only comment that the contents made it more optimistic of an early solution to the problem.

The letter had the unanimous approval of the GI board, and the proposals were formulated at a meeting attended by Mr Charles Perrin of Hambros, who, according to *Arbeiderbladet*, had indicated that the bank might find the solution acceptable. Norwegian feeling is that Hambros is in a cleft stick, and the recent drop in the bank's share price in London has been widely reported.

After that meeting, on Thursday, Mr Henrik Nygaard, GI managing director, confirmed that there was no question of Hambros having to write off losses from the Reksten involvement at this time.

Norwegian public opinion favours a rapid settlement because it is felt to be damaging that a state-organized body should be at the centre of rumours about defaulting on debts. Meanwhile there has been a mixed reaction to Reksten's decision not to sell five super-tankers.

Reksten itself has said it would like an arrangement permitting a cutback in its debts in the period 1982-87 unless sufficient working income could be raised. The company has said it would like to pay back all debts, and is asking for a payment postponement of two years on the current GI-backed debts.

The GI guarantees cover ships worth about £70m, and speculation suggests that Hambros has a large proportion of those loans.

Meanwhile in London, Hambros has said it hopes to have the whole matter settled by mid-August, and disclosed with its annual results that it had made "substantial specific provisions" against the Norwegian loans.

Hambros says it believes the provisions are realistic, and more than half have come via a transfer from its inner reserves.

In its life assurance business the group share of profits rose from £1.4m to £1.8m, other associated companies contributed just over £1m against just under £1m last time. Loan charges and minorities took away just under £3m against £3.1m last time. Taking in extraordinary items and investment gains the net profit is up from £8m to £8.9m, and Hambros has signalled confidence by increasing its dividend by the maximum permitted.

On the stock market Hambros shares had been well up in hopes that the announcement would clear the air, but there was some disappointment last night at the lack of figures, and the shares eased back again to close 5p up on the day, at 165p.

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Backdated tax law opposed by Liberals

By Wallace Jackson
Commodities Editor

An amendment to the Finance Bill which, if passed, would remove every element of retrospective legislation from a clause in the Bill concerning dealings in commodity futures has been tabled by the Liberals for discussion next week.

Clause 27 of the Bill seeks to make certain dealings in commodity futures, which enabled people to make a tax loss and thereby reduce their tax payable, illegal retrospectively from April 6, 1976.

The Conservatives have proposed a compromise amendment which would make such dealings illegal if carried out after November 25, 1977, instead of the 1976 date.

However, at the committee stage, Mr John Pardo, the Liberal spokesman on economic affairs, argued strongly that the compromise date was still retrospective legislation, and on that score, still objectionable.

Mr Pardo wanted the date to be April 1, 1978—the day of the Budget statement.

Mr Pardo said in a statement: "I am not surprised that the Conservative Party should have decided to repeat the great error of principle which they made at the committee stage."

"Then they fell down on the principle of retrospective legislation, and sought to compromise. By so doing they supported retrospective legislation."

"This is because they know that a future Conservative government might want to use retrospective legislation themselves. Conservative governments, after all, have used it before."

"But retrospective legislation always undermines the rule of law. The rule of law requires that the citizen must be able to know what the law is at the time when he confronts it and know too that it will not be changed retrospectively."

Take-home pay down in first three months

By Caroline Atkinson

Real take-home pay after adjusting for inflation fell slightly in the first three months of this year after the exceptional rise in the previous quarter.

Stable tax rebates boosted pay packets last autumn. As these stopped there was a big increase in the tax take in the first three months of this year. This partly offset a 3.2 per cent rise in pre-tax incomes.

After tax and inflation, real living standards dropped by 0.3 per cent between the two quarters.

However, consumers dipped into their savings to finance a 4.3 per cent jump in spending in money terms in the January to March quarter. This was equivalent to a 2 per cent rise in volume.

Savings had risen to peak levels at the end of last year. The proportion of income saved declined in the first three months of 1978 from 16.2 per cent to 14.1 per cent, but this figure is still high by historical standards.

Tax cuts made over the past year have led to a very jerky recovery in living standards. More tax cuts are already in the pipeline as a result of the April Budget and the Opposition amendments. Some of these will show up in the second quarter figures, but others have still to reach pay packets.

Officials estimate that if the effect of lump sum tax rebates is smoothed out there has been a steady rise in real personal disposable incomes—after allowing for tax and inflation—since the middle of last year. In fact, people tend to smooth out the effects on the economy of erratic tax cuts by building up and then running down their savings.

Higher wage increases under Phase Three also have had a significant impact on living standards. There was a 7 per cent rise in wages and salaries in the six months to March, which was twice as large as the rise in the previous six months. This has yet to feed through to faster inflation.

The latest figures show clearly that an economic recovery is under way, but they also suggest it is rather an unhealthy one. The growth so far, of about 1 per cent in the first quarter of 1978, has come mainly from increased consumption and a boom in stockpiling.

Leyland, BSC losses covered in supply estimates

By Our Political Correspondent

Supplementary estimates presented to Parliament yesterday for an extra £1.85m of public expenditure include provision of £900m for general support to industry. That takes account of additional assistance for the British Steel Corporation of £489m net and £398m net for British Leyland.

These "summer supplementaries" bring the total of supply estimates for 1978-79 presented so far to £44,182m. That total compares with the figure of £46,178m for the total supply expenditure, including provision for pay and price increases, published in the financial statement at the time of the Budget.

Other extra money is required for increases in the pay of the Armed Forces (£120m) and the non-industrial civil servants (£37.3m); the better subsidy scheme (£16.8m); special employment measures (£61.2m); the short-term working compensation scheme (£25m); special measures to defuse the effects of steel industry closures in Wales (£13m); health and personal social services (£321m).

PERSONAL INCOME, EXPENDITURE AND SAVINGS (Seasonally adjusted)

	Total personal income before tax less taxes on income, national insurance, etc. contributions and transfers abroad	Personal disposable income	Savings as a percentage of disposable income
	(1)	(2)	(3)
1976 Q1	112,404	14.9	41.612
1977 Q1	125,154	14.4	41.045
1978 Q1	26,955	15.8	10,448
Q2	27,593	15.6	10,299
Q3	28,283	15.4	10,497
Q4	29,452	13.9	10,388
1977 Q1	30,443	14.8	10,281
Q2	30,643	13.8	10,026
Q3	31,413	12.9	10,131
Q4	32,655	18.2	10,807
1978 Q1	33,709	14.1	10,572

(1) Equals total personal income before tax less taxes on income, national insurance, etc. contributions and transfers abroad.

(2) Personal disposable income revalued by the unmet consumer expenditure deficit (1970=100).

up and then running down their savings. Higher wage increases under Phase Three also have had a significant impact on living standards. There was a 7 per cent rise in wages and salaries in the six months to March, which was twice as large as the rise in the previous six months. This has yet to feed through to faster inflation.

The latest figures show clearly that an economic recovery is under way, but they also suggest it is rather an unhealthy one. The growth so far, of about 1 per cent in the first quarter of 1978, has come mainly from increased consumption and a boom in stockpiling.

Retail experts were cautious last night in their reactions to the Philips decision. They pointed out that the Resale Prices Act bans enforcement of fixed minimum prices so Philips action depended on voluntary support by retailers in attaining a system of standard prices and reasonable margins.

It is known that the Price Commission has been looking into recommended selling prices in relation to bedding at the Government's request.

Indeed, this reference was the first to be made under section 10 of the Price Commission Act, and the Government in ordering the inquiry made it clear that directions relating to the practice in other sectors might be issued in the light of the findings.

Thorn raises dividend on \$25m overseas issue

By Peter Wainwright

Thorn Electrical Industries, one of the largest consumer durable groups, is the latest blue chip company to increase its dividend on the back of money raising abroad. It follows the example set by Becton last summer, and Boots a week ago.

Thorn is raising the dividend by 72 per cent to 11.45p net, 17p gross.

The board, headed by Sir Richard Cave, points to the stability of profits over the years and the 3.5 times cover for the new dividend.

The group is raising \$25m (about £13.3m) with the issue of convertible guaranteed bonds dated 1988 through a newly formed subsidiary, Thorn International BV. The issue will refinance some of the group's non-sterling borrowings and put more money into subsidiaries abroad.

The Treasury allows this type of dividend increase because nobody would want to buy the bonds, which will convert into shares, unless the equity offers a reasonable yield.

Pre-tax profits in the year to March 31, rose by 8.2 per cent to a record £110.3m, beating market expectations of between £102m and £108m. Sales climbed by 10 per cent to £1,091.9m.

Sir Richard comments on the difficulties of United Kingdom consumer durable markets, but adds that in its main products Thorn has continued to trade positively to retain and, where possible, increase market shares and to launch new products. The market was impressed by the trading news as well as the dividend and the shares ended 29p up at 338p.

\$300m foreign loan to Portugal

From Our Correspondent

Lisbon, July 7—An international consortium of banks is to lend Portugal \$300m (about £161m). This was announced today in a communiqué from the Ministry of Finance.

The loan is in the form of a syndicated bank credit under the joint and equal management of Amex Bank, Banque Nationale de Paris, Chase Manhattan, Dresdner Bank, the Industrial Bank of Japan, and Manufacturers, Hannover.

Wage policy talks start 'after Bonn'

By Patricia Tiddall

A final countdown of consultative meetings leading to the Government's next pay policy is expected to start immediately after the Bonn economic summit conference.

The Confederation of British Industry, which has already had several meetings with the Chancellor of the Exchequer, confirmed yesterday that it had been invited to meet the Prime Minister to discuss pay on July 19—two days after the summit meeting.

Talks are also expected to take place during the same week between Government leaders and Trades Union Congress representatives. A report published in *The Economist* yesterday said that Mr Denis Healey and Mr James Callaghan were both due to meet TUC leaders on July 29, but neither side would confirm this.

The magazine also claims that a timetable leading to the publication of a White Paper on incomes policy on July 25 has been approved by the cabinet, but again neither Downing Street nor the Treasury would comment.

However, it is generally regarded as inevitable that a policy document of some kind will be published before the end of the month when the present phase three of the pay policy expires.

Present speculation is that the Government is thinking of incorporating a guideline figure or pay rises which, according to one source, could be as low as 6 per cent.

This is against the recommendations of the CBI, which claims that any target figure would in practice become a minimum.

There is, however, likely to be considerable flexibility to flow for further self-financing productivity pay schemes.

Ulster development agency backs Italian-style car project £50m Whitehall aid for Belfast assembly plant

By Robert Rodwell

Whitehall is expected to put up more than £50m in grants, loans and equity capital towards the establishment in south Belfast of an American-operated car assembly plant.

Officials of the Ulster Department of Commerce and the Northern Ireland Development Agency have returned from Detroit with a draft agreement which authoritative sources expect to be signed in Belfast next week.

The venture is promoted by Mr John de Loreau, former General Motors vice-president, who is said to have spent some £5m on development of an Italian-styled two-seater hard-top sports car which will be built in Belfast for sale primarily on

the American market at a price of about \$14,000 (£8,000).

The plant is to be built on a 55-acre site near to the mainly Roman Catholic Twynbrook neighbourhood. It will include a car testing track and will ultimately provide up to 2,000 jobs.

It is now known that the project was rejected by the Irish Government's Industrial Development Authority as too risky. The IDA, which has an impressive record in attracting American industry to the Republic, was negotiating with Mr de Loreau to locate the project at an empty plant at Limerick.

The IDA said it had decided not to back Mr de Loreau's venture in the form presented. It is understood that its doubts hinged not only on the commercial risks of establishing a new

and untried marque in the highly-competitive American market, but also on technological ideas. Mr de Loreau's prototype embraces construction methods not employed in the car industry, in having a glass-fibre body on which is bonded a thin stainless steel outer skin.

The IDA has every reason to be conscious of the pitfalls involved in launching new ventures based on untried technology, having only recently divested itself of the expensive albatross Strathairn Audio, which was launched by its predecessor, the Northern Ireland Finance Corporation at Andersonstown in West Belfast.

Now supported directly by the Department of Commerce, Strathairn was originally to employ 1,100 workers making

hi-fi equipment, but now has provided only 170 jobs for a public investment approaching £9m. Most of the radical ideas incorporated in its prototypes can now be obtained in mass-production units.

In backing Mr de Loreau's car venture after it was turned down by the Republic, IDA is thought to be relying upon the solution rather than the car itself. It is advanced plastics and steel-bonding knowhow, and experience of stainless steel fabrication.

Shorps, the Belfast aerospace company controlled by the Ulster Department of Commerce, works in these fields for a number of leading American and European aircraft manufacturers, including Boeing, Lockheed and Fokker-VFW.

NEB may back Plessey move in microelectronics

By Kenneth Owen
Technology Correspondent

Possible National Enterprise Board backing for the microelectronics activities of Plessey has recently been discussed by the company and the board. Yesterday the company was unable, in the absence of Sir John Clark, chairman, to confirm reports that Plessey proposals to this effect were awaiting a reply from the NEB, but it is known that the board has been involved in such discussions.

This move coincides with the NEB's plan to set up a new microelectronics company in conjunction with a group of semi-conductor engineers.

Staff cuts: 800 members of ASTMS, the white collar union of Plessey Telecommunications, Liverpool headquarters returned to work yesterday after a mass meeting on redundancies.

Airbus consortium applies pressure for partnership decision by Britain

From Charles Hargrove
Paris, July 7

The international consortium of Airbus Industries, which includes France, West Germany, The Netherlands and Spain, and British Aerospace on a private basis, today announced its expected decision to go ahead with development of the B10 scaled-down 200-seat version of the European airliner, due to be operated commercially in 1983.

Air France has also made known its intention to place a first order for four airliners of this type, to complete its Airbus fleet, consisting of 18 B2 and B4 airliners (with a capacity of up to 270 passengers) already in operation.

Swissair, too, has indicated its intention of buying six B10 Airbus aircraft, and Lufthansa will purchase 25. These preliminary contracts are additional to those already announced by Eastern Airlines and Iberia, United Airlines, the other American carrier, is due to decide at the end of August whether it will also purchase the B10 or the Boeing 767.

The aircraft manufacturers in the four countries concerned have agreed, subject to the approval of their Governments, to divide up among themselves the development costs of the new airliner, estimated at 3,000m francs (about £365.8m).

British Aerospace has been invited by the French and West German Governments to join in the B10 project; but should it fail to do so, the offer is in favour of partnership with McDonnell Douglas to build a rival transatlantic airliner, the part of the aircraft it was due to build—it makes the wing for the existing versions of the air-

bus—will be produced in Europe.

It is considered in Paris that the agreement by the four members of the Airbus consortium to go ahead with the new version of the aircraft will put increased pressure on British Aerospace whose chairman is Lord Beswick, to adopt a European solution.

If Britain opts out it will be regarded as another proof of its refusal to go for a European solution rather than an American one, even when a valid alternative has been offered.

Our Industrial Editor writes: "Whitehall sources yesterday indicated that implications of the Airbus announcement were under urgent consideration, but the Government would not be pressed into hasty decisions under threats that the B10 wings may be designed and built by France and Germany."

The takeover of Albright & Wilson is now clear to go ahead after the American company's agreement to a series of assurances about the deal and the decision not to refer the deal to the Monopolies Commission.

Shareholders will be receiving the formal documents implementing the Scheme of Arrangement involved in the takeover at the end of next week.

The takeover has been the subject of discussion between Tenneco and Mr Alan Williams, Minister of State for Industry, in which the Americans assured him that they would continue to support the active part Albright & Wilson has played in the development of the Government's industrial strategy.

Gasification success

A test to convert coal from the United States into a substitute natural gas has been successfully completed at a

pilot plant at Westfield, Strathclyde. Conoco Coal Development Company, a subsidiary of Conduent, GI, reported that clean-burning substitute natural gas can be produced on a large scale from high sulphur highly caking eastern United States coals through newly developed technology. The gasification test converted 970 tons of Pittsburgh coal to a synthesis gas thermally equivalent to more than 20 million cubic feet of natural gas.

Two unit trust groups are to change hands, it was announced yesterday. The management of the £9.5m Piccadilly unit trust group is to be transferred to the merchant bankers Antony Gibbs, while Charterhouse

Japhet is selling its £3.5m unit trust group to James Finlay Corporation. Personal Investment, page 20

US jobless down

Unemployment in the United States dropped last month to its lowest level in nearly four years, but wholesale prices continued to rise against Government predictions, according to official figures. The unemployment rate fell to 5.7 per cent in June.

Wholesale prices continued to move sharply ahead in June at the same rate of 0.7 per cent as the previous month.

£50m EEC coal loan

The National Coal Board is to get more than £50m from the EEC to buy new mobile underground equipment and powered roof supports. Two loans are being made from the European Coal and Steel Community funds for £18m and £36m respectively.

Unit trust switch

Two unit trust groups are to change hands, it was announced yesterday. The management of the £9.5m Piccadilly unit trust group is to be transferred to the merchant bankers Antony Gibbs, while Charterhouse

How the markets moved

The Times index: 200.31+1.35
The FT index: 455.6+3.5

Lises			
PV Hldgs	8p to 210p	Racal Elect	5p to 250p
Acc Plant	24p to 41p	Renwick Gp	3p to 43p
Acc	10p to 410p	Royal	7p to 345p
EC	5p to 262p	Royal Wares	5p to 134p
Unilever Corp	25p to 380p	Selection Yst	5p to 410p
Unilever Life	10p to 310p	Shell Trans	10p to 55p
Unilever Cross	12p to 475p	Thorn Electric	25p to 330p
Unilever C. E.	5p to 260p	UK Props	11p to 22p
Unil. art.	6p to 222p	Yarrow & Co	5p to 270p

PERSONAL INVESTMENT AND FINANCE

Grouse

A colleague whose garden consists of 14 Grouse bags on a flat shed roof finds he has to pay the Thames Water Authority £3.20 for the privilege of using a hose to save himself the labour of carrying buckets of water up to roof level.

If he fixed the hose to a pole so that it sprinkled the whole roof area at once, the charge would be £10, as much as some cottagers in the country pay for their entire water supplies for a year.

The increase in water rates, and the start of collection of the rates in some areas separately from the general rates, have sharpened interest in the amount we pay for our water. It will doubtless revive the controversy over whether domestic water supplies should be metered, so that customers can be charged according to consumption.

The present system adopted by water authorities, combining a fixed charge with a rate charged against the ratable value of the property, has enjoyed long acceptance, but anomalies become apparent when authorities depart from that principle to levy special charges on hoses.

Is it right that an arthritic pensioner or disabled gardener, for whom lugging a watering can about may be an impossibility, should be charged for resorting to a hose to tend a modest patio garden?

Is it right that one small sprinkler used occasionally on a pocket handkerchief of suburban lawn should attract more than three times the charge that would be made for any number of hand-held hoses used in the gardens of a large house?

At least the regular water rates reflect, through their relation to ratable value, the size of the property concerned and hence the probable scale of consumption of water. The hose charges penalize not the amount of water consumed but simply the manner of dispersing it.

The result seems to be that large numbers of users ignore the charges completely.

On the thirtieth anniversary of the NHS...

Paying for private medicine

This week's 30th anniversary of the National Health Service, with its inevitable post-mortems, comes at a time of steady growth in demand for alternative, private medical treatment and the insurance to cover it. Latest figures show more than a million people are enrolled in medical insurance schemes, paying £78.8m a year in premiums and receiving £70.8m in benefits.

In four years the money in medical insurance has doubled—reflecting both the increase in medical costs and a sustained demand for private treatment, helped by its use by employers as a substantial fringe benefit.

Two organizations, the British United Provident Association and Private Patients Plan, hold 97 per cent of the market. BUPA with 74 per cent and PPP with 23 per cent. Their approach to the demand differs, with BUPA offering cover restricted to a fixed sum a week for hospital accommodation, the price of which varies according to locality and the status of the hospital.

Patients nominate the type of hospital they want, with bed charges ranging from £100 a week for small private nursing home, to £300 a week for a private bed in a National Health Service hospital and £458 in a London teaching hospital, while the top metropolitan private clinic can cost more than £1,000 a week.

The cost of the premium is related to age as well as to bed charges. The older you are, the more you pay for cover. For an extra premium spouses and children can be included.

PPP has a variety of plans, in each of which the person's age, but where the total cover over the year is not linked directly with particular hospital charges.

Instead, the client is covered for a sum which can be as high as £20,000 a year, which should mean that he or she need not worry about the total cost of hospital treatment—in only a handful of individual cases has it ever reached the top limits.

The other insurance associations in the field, Allied Medical, Bristol Contributory Welfare, Exeter Hospital Aid, the Provincial Hospital Services Association, and the Western Provident Association, offer these basic approaches.

What does the patient get and what does it cost?

The aim is to cover private accommodation, consultants' fees, drugs, and nursing and auxiliary care for acute medical and surgical conditions needing hospital treatment.

Certain conditions and treatments such as cosmetic plastic surgery, may be excluded and some access of fringe medicine such as acupuncture.

The cost, depends on the age of the insured and location. Though it might be prudent to go for maximum cover on the level of the London teaching hospitals, many people seek private treatment just to avoid waiting a year or more for a bed. Their conditions can be as mundane as varicose veins or hernias and can be treated locally.

Under the alternative PPP system the equivalent cover would cost the same man less. PPP quoted £219, though the conditions of the policy differ.

Costs are further complicated by discounting and the growth of group membership. People can claim discounts through such organizations as professional bodies or by paying in particular ways. They can also cut the cost by joining



The cost of medical expenses over is related to hospital bed charges and to the age of the insured.

At today's prices that means taking out cover for £300 a week, the average regional private bed charge. For a 40-year-old with cover for his wife and two children, BUPA quotes £337.85 as its price for a year's cover.

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limited fall. Against this kind of background it would seem wise to keep a proportion of funds in cash or near-cash instruments for the time being. On this score the building society account still looks the obvious bet, offering 6.7 per cent net to the basic rate taxpayer, equivalent to 10 per cent gross.

By contrast, the bank deposit account is distinctly unattractive to the small investor, though anyone talking in terms of £10,000 plus should find that their bank manager will talk in terms of seven-day money and may well have a variety of other options to offer, particularly for more large sums.

National Savings Investment Account interest of 8 1/2 per cent also has precious little attraction at the moment, particularly remembering the one month's notice required for withdrawal.

A thought, though, for the higher rate taxpayer is the fact that the first £70 of interest (5 per cent per annum) on an ordinary account is tax-free.

Those prepared to take a rather longer view should still have their quota of National Savings Certificates—the individual limit for the present issue having recently moved up from £1,000 to £3,000. The 7.5 per cent per annum return over four years grosses up to the equivalent of 11.3 per cent for the basic rate taxpayer (once the Finance Bill goes on to the statute book).

That said, the attraction vis-à-vis a high coupon short-dated gilt is very marginal and the more enterprising investor may well feel that the short gilt and the possibility of capital appreciation offers considerably more potential on, say, a six to twelve-month trading view.

Indeed, on the view that interest rates may not rise very much higher, if any higher at all, before they start falling again, the gilt market as a whole looks attractive. I would not, however, chase prices and would also try to spread my risk between long and short.

As always, I must emphasize that the right stock for each investor will depend on the individual tax position.

John Whitmore

ing a group scheme. Company group schemes are on the increase, while individual health cover is gradually declining.

There are just under 500,000 individuals with private health cover, but 600,000 in group schemes. These are usually company-run and the more people join the group the cheaper the cover becomes.

In days of wage restraint private medical insurance has become an increasingly important fringe benefit—not just to senior executives and key personnel but at all levels of employee. All employees will pay tax on the premiums paid on their behalf, however.

Those readers whose employers have covered them in a group scheme, should not assume that cover is total and that the bill will be paid whatever the cost. Particularly under the BUPA scheme, the cover is specific and limited. If you book into one of London's £1,000-a-week health resorts you will find yourself footing a large portion of the bill.

Even at levels below this BUPA admits that many of its members pay a proportion of their private medical bills out of their own pockets.

If you do not know the extent of the cover your company is giving you, ask whoever is administering the scheme for full details, including exclusions the medical insurers may have put in.

They do not cover, for instance, pregnancy—one area in which women may be disposed to seek private treatment.

The future of private health insurance must be in doubt as the Government phases out pay-beds in Health Service hospitals. The majority of hospitals listed as having private accommodation are within the Health Service.

To combat this threat, the associations are diverting an increasing proportion of their excess funds to help towards the construction of new, private units and the Nuffield Foundation hospitals. The latest of which opened this week. It may be that the phasing out of beds can be synchronized with the build-up of new facilities in the private sector.

Without either government or charitable support, though, private medical costs are bound to rise still further. Whether or not this deters people from taking out health cover at increased premiums remains to be seen.

Roger Beard

A number of readers have been inquiring how the reduction in the basic rate of tax from 34 to 33 per cent, about to become law, will affect dividends they have already received in 1978-79. "How", I am asked, "do I reclaim the difference of one penny in the £?"

The answer is simpler: you do not. Although the voucher shows a tax credit of 34 per cent the Inland Revenue will assume that the tax paid on the dividend is 33 per cent. In next year's tax return (1979-80) the amount of the dividend received will be included in the form as usual and the Inland Revenue will adjust the tax credit so that the dividends are grossed up at 33 per cent instead of 34 per cent.

The gross amount of the dividend will therefore be slightly lower, showing a small tax saving to those paying higher rate tax and the investment income surcharge, but making no difference to the basic rate taxpayer. Anyone entitled to a refund will obtain it at 33 per cent and not 34 per cent.

The company on the other hand will have paid advance corporation tax of 34/60ths of the dividends declared to date (equivalent to 34 per cent of the gross) and having overpaid by 1 per cent will obtain a repayment. However, in the long term the company will not gain from the repayment because advance corporation tax is no more than a payment on account of its ultimate tax liability.

A few weeks ago I referred to a query raised by several readers on whether covenant payments made by a parent count as part of a student's income in calculating the grant. I pointed to the exemption in Local Education Authority Awards Regulations 1977 which applies to students whose awards are assessed according to parental income.

A student reader has written to say that this is in accord with a letter he received from

Taxation: readers ask

Effect on dividends of the cut in basic rate



his local authority but the authority emphasized that the exemption did not apply to "independent" students like himself whose awards are not based on parental income. What he asks is an "independent" student?

Under the awards regulations a student is considered to be "independent" in either of two circumstances. One of them is if before the start of the year for which the grant is paid he or she is 25 years old or more. The other test of independence is broadly if before the first year of the course the student supported him or herself out of earnings for any of the three preceding years.

This period includes up to six months of registered unemployment and in the case of a

married student any time during which he or she could not reasonably have been expected to be self-supporting out of earnings because of the need to look after dependent children.

A year means 12 months starting on January 1, if the course begins in the Spring term; April 1, if it begins in the Summer term; and September 1, if it begins in the autumn term.

The upshot is that if a student is classified as "independent" the covenant payments from parents count as part of the child's income. This means that, to the extent the child's after-tax income (excluding vacation earnings) exceeds £125 the grant is reduced by £1 for each £1 of income over the limit.

Turning to capital gains and gift-edged securities, a reader writes: "An uncle died 18 months ago made his residuary legatees 12 months ago the executors transferred to me some gift-edged holdings from the estate and now want to sell these."

It happens that they should have waited until the date of death. Am I liable to capital gains tax on any gain? In other words is the four month since transfer to me, or the months since the date of death, the relevant period?

It is the date of death of the person who owned the shares before less than a year that reader would not have his exemption. The reason that the law lays down three circumstances in which the exemption applies is that if a person acquires the shares after the death of the donor, the exemption is not available unless the donor was a resident in the United Kingdom at the time of death, or if the securities were absolutely entitled to him.

Vera Di Polin

Investor's week

Dividends and dollars

Investors are nothing if not sentimental—greed and fear are their ruling emotions. Sadly, fear, or at least apprehension, is easily aroused when City men can see no farther ahead than their noses.

They still have no way of knowing what policy on dividends the Government plans. They are not even sure that it has one at all. Just over a week ago Mr Michael Foot, Leader of the House of Commons, nearly, but not quite, promised a statement on dividends. The week has gone without one, either from him or any other member of the Government.

Instead, reality has tended to make the City's dividend hopes look foolish. If GEC, one of the richest and most powerful concerns in the land, is prepared to invent an incomes policy of its own to justify a 19 per cent rise in pay-out when it could have afforded many times that amount, what will lesser lights do when their turn comes to turn dividend aspirations into reality?

Thorn rose splendidly to the occasion with a 72 per cent dividend jump which caught some speculators off balance and sent cheerful ripples around the market. But all Thorn did was to use the loophole of raising money through convertible bonds—already drilled by

Beecham. In itself the Thorn gesture tells us nothing about dividend policy after the present controls run out on July 31.

The week-ended with lobby speculation that the Government, fearful of the pay rises being lavished on top people in nationalized industries, is toyed with the idea of a short sharp Bill continuing present dividend controls. To get that

through the Commons the Government would need a Liberal vote. It seems that we are back where we started.

The other big talking points were the plight of the dollar, the failure of the Bremen summit to decide anything and the flatness of the yield curve (as the jargon has it). Of these, the first is a steadily growing threat to our own economy and stock market. The huge United States trade deficit and quickening inflation there spell still higher interest rates, import curbs or something worse at some stage.

This matters because two fifths of the western world's gross national product still arises in the United States. Not surprisingly, the United States is also the world's largest export market.

The failure of western ministers to agree on collective industrial expansion at Bremen is but a further sign that the weak recovery in the West after the 1974 oil crisis is about to peter out. But too much can be made of it. No one really expected Bremen to have any other outcome.

Some people are sufficiently gloomy to interpret the flat-

ness of the yield curve in own gift-edged securities in a pessimistic way. The "flattest" the yield curve, I hasten to add, means that short-dated gilts (which are nearly as good as cash because the Government has to redeem it quickly) yield at return as low as much longer gilts (where the pay date can be 25 years of inflation away).

Normally, you would expect "shorts" to yield much more than "longs".

The last time the curve was flat as now was in September, 1976—a time of huge payments deficits, a credit minimum lending rate of 12 1/2 per cent, and a rising IMF. Happily, the economy (not yet) critical. It is not weakening gradually.

Indeed, long gilts are offering returns that reflect inflation and market men will not be surprised if shorts do not do as well. Perhaps better monthly trade figures next week.

The FT index, by the slipped 5.2 to 455.6.

Peter Wainwright

MAIN CHANGES OF THE WEEK

Year's	Year's	Company	Rises	Change	Inv buying	Comment
345p	211p	Guthrie	41p to 22p			
184p	120p	Hay's Hunter	2p to 135p			Royal Docks threat
123p	85p	SUITS	5p to 112p			Good flags
157p	125p	Swan Wharfedale	12p to 140p			Govt compensation
116p	56p	Western Bros	19p to 116p			New Glossop bid
Falls						
83p	62p	Bath & Portland	5p to 74p			Figs disappoint
157p	114p	Bulmer (HP)	11p to 118p			Ahead of pits
217p	155p	Harbros	5p to 165p			Shipping loans
137p	99p	Thameside	19p to 140p			Poor figs
230p	196p	Waddington (J)	11p to 185p			Four year

Fixed interest investment

The return of real returns

For the investor in fixed interest securities the first half of this year has proved to be a period of mixed fortunes.

The bad news has, of course, been the steady rise in interest rates.

The FT Government Securities Index has, in fact, fallen from 78.09 to 69.71 over the past six months and most gilts have shown falls in the range of 15 per cent.

It has not, on the other hand, been a tale of unrelieved gloom. There has been at least one compensation and an important one at that.

The continued fall in the rate of inflation has meant that large numbers of holders of fixed interest stocks are now receiving an income return on their investment that is keeping up with, and often beating, the rate of increase in the retail price index.

Sadly, this will still not apply to most investors who bought, and are still hanging on to, stocks in which they invested before the early seventies; and it is also true that investors who picked up stocks on 10 per cent plus yields in 1973-74 have had

a very rough ride between then and now, with both their income and capital taking a terrible battering in real terms.

But, at the other end of the spectrum, investors who managed to pick up stock in the winter of 1976-77 at 14, 15 and even 16 per cent have been doing very nicely. Indeed, the income return on these stocks is now keeping ahead of the rate of price inflation not only at a pre-tax level, but for many investors at an after-tax level too.

How long this happier situation will persist is another question. It already looks as if the rate of inflation is flattening out. It may well be rising back towards double figures by the end of the year or early next year.

That will cut the real returns to existing holders of gilt-edged stock. There is, however, nothing to be done about it, but any upturn in inflation will prove to be both fairly mild and short-lived. Certainly, there seems to be no reason at this stage to think in terms of selling fixed

interest stocks, albeit that the ride may continue bumpy over the coming months.

The more interesting question is the action that should be taken by those who have kept their money out of the fixed interest market while interest rates have been rising and who may now be thinking in terms of putting some of their funds to work in fixed interest investments.

In many respects the incentive to keep funds in cash investments such as building society accounts remains strong. Not only is capital security assured and interest payments high but the loss of income through staying with a cash investment rather than committing money to a fixed interest investment in the stock market is fairly small.

The issue is quite simply this: where will interest rates move next? The hope that they would start to fall again quite quickly after the June package was the Chancellor has clearly faded. There may be scope for some small fall in rates over the rest of the summer, but it looks likely to be a fairly

limited fall.

Against this kind of background it would seem wise to keep a proportion of funds in cash or near-cash instruments for the time being. On this score the building society account still looks the obvious bet, offering 6.7 per cent net to the basic rate taxpayer, equivalent to 10 per cent gross.

By contrast, the bank deposit account is distinctly unattractive to the small investor, though anyone talking in terms of £10,000 plus should find that their bank manager will talk in terms of seven-day money and may well have a variety of other options to offer, particularly for more large sums.

National Savings Investment Account interest of 8 1/2 per cent also has precious little attraction at the moment, particularly remembering the one month's notice required for withdrawal.

A thought, though, for the higher rate taxpayer is the fact that the first £70 of interest (5 per cent per annum) on an ordinary account is tax-free.

Those prepared to take a rather longer view should still

Unit trust performance

Medium and Income Funds (progress this year and the past three years). Unitholder index: 2179.0; rise from January 1, 1978: 4.3%. Average change offer to bid, net income included, over past 12 months: 9.7%; 3 years: 8.8%.

Statistics supplied by Money Management and Unitholder, Greystone Place, Fetter Lane, E.C.4.

MEDIUM	A	B	Allied Ham British	5.7
Franklin Capital	29.4	154.9	Henderson Inc Assets	5.6
Key Smaller Com	29.4		S & P UK Equity	5.6
Discretionary Fund	28.9	128.6	Family Fund	5.4
London Capital	28.1	42.9	Unit Trust Capital	5.2
M & G Midland	25.6	128.8	TSB General	5.1
M & A Unit Trust	24.6		Wickmoor	5.0
MetLife General	23.6	90.3	Mutual Security Plus	4.9
Cable	22.6	44.9	Abney General	4.8
Legal & General	21.2	38.3	Great Winchester M	4.7
Piccadilly Small Co	20.2	47.0	Tyndall Int Earnings	4.6
Compton Growth	19.3	8.3	Britannia Domestic	4.5
Genere British	19.0	15.8	British Growth	4.4
M & G Sec General	19.0	61.5	Lloyds Bank First	4.2
Bishopgate Prog F	17.4	66.7	Prudential	3.9
Unit 500	17.2	76.6	Reserve Reserves	3.6
Fraser House M	17.2	65.2	Royal Trust Income	3.4
Stewart British	17.1	58.0	Arbuthnot Glants	3.3
Proffitt	16.2	33.7	Hill Samuel British	3.2
Kleinwort Benson F	15.1	65.5	Wilder Growth	3.2
M & G Trustee	14.9	82.3	Target Professional	3.0
Rovan Securities	14.8	78.4	Mayflower General	3.0
Tyndall Preference	14.8	60.9	Equity & Law	2.7
S & P Securities	14.6	45.0	United Growth	2.6
Brown Shipley	13.2	62.6	Trades Union	2.4
Minster	13.2	45.0	NPI Growth Accum F	2.3
Artel	13.0	64.8	Pearl Unit Trust	2.0
Equitas	12.8	64.8	Arbuthnot Smaller Cos	1.9
Schroder General	12.5	86.6	Hill Samuel Security	1.8
Glen Fund	12.5	47.4	Target Trustee	1.7
College Hill	12.0	88.0	CT Four Years	1.5
Norwich Union	12.0	69.0	National West Portfolio	1.5
Pelican	11.9	69.0	Target Equity	1.0
Oceanic Growth	11.5	24.4	Scottish Equitable	0.7
Castell F	11.3	24.4	Worldwide	0.3
Guardian	11.0	51.9	Nelson	-0.2
Lloyds Life Accum	10.7	50.9	Piccadilly Private	-2.1
Allied Growth & Inc	10.6	45.8	Buckingham	-2.7
Hamro Fund	10.2	45.8	Albion Trust	-2.8
M & G General	10.2	45.8	Marlborough	-2.8
Oceanic General	10.0	15.8	National West Gwth	-4.2
Barclays	10.1	36.5	Quadrant F	-4.3
Tyndall Capital	9.8	50.0	Intel	-5.6
Hill Samuel Capital	9.5	43.7	Piccadilly Technology	-7.6
Barclays Trust Invest	9.1	58.3	Piccadilly Int Earn	-9.4
Allied Elect & Ind	8.9	54.6	Piccadilly Accum	-9.4
London Wall Cap Gth	8.9	42.7		
Allied Capital	8.6	45.8		
G and A	8.3	48.0		
Friends Provident	8.2	70.6	Franklinston Income	32.3
Unit General	8.1	48.4	Henderson High Inc	23.8
Lloyds Bank Fourth	7.1		Schriebe	22.1
Allied First	6.9	40.7	Garnome Income	22.1
Rowan Fund	6.9	47.7	Prolific High Inc	22.1
Anglo Saxon M	6.9	47.7	Quadrant Income	22.0
Arrowsmith	6.5	43.7	M & G High Income	21.8
Scienco	6.5	43.7		
Canlife General	6.4	49.1		
Canlife Bank Second	6.4	49.1		
75th Anniversary	6.3	48.7		
Life Life Balanced	6.0	74.5		
Mutual 'Blue Chip'	5.9	35.5		

*A: As Change since July 9, 1977
B: As Change since July 9, 1977
taken to Aug 6, 1978
M: Mut. valued monthly.
F: Trust valued every two yrs*

FINANCIAL NEWS AND MARKET REPORTS

No cash bid extension for Customagic

The independent directors of Customagic Manufacturing have been unable to secure agreement whereby Moolah Investments extends the acceptance period of the additional 1p per share cash consideration required by the Takeover Panel for seven days. It appears that such an agreement, if reached, would extend the offer to close on Monday.

Customagic intends to issue a further statement to shareholders not later than Tuesday when it will be known whether or not Moolah's offer has gone unconditional.

Ocean acquires tyre retread franchise

Ocean Transport and Trading, through its subsidiary, Ocean Tyre Company, has acquired the Bandag Tyre Company, whose head office is in Wigan. This acquisition continues Ocean's development into transport-related businesses. Bandag Inc. of United States possesses the world's leading tyre retreading system and franchises its process throughout the world. The Bandag Tyre Company is the franchisee for England and Wales. The acquisition adds to the Republic of Ireland's franchise which Ocean has held for several years. Bandag Inc. has franchise dealers in over 90 countries. Worldwide sales are now in excess of \$180m.

Grand Met offshoot buys Alnwick Brewery

For about £300,000 cash, Dry-brook, a subsidiary of Grand Metropolitan, is buying Alnwick Brewery, an unlisted public company, in an agreed deal. Alnwick is now mainly a distribution company and will fit in with Dry-brook's operations, which include brewing, wholesaling and retailing throughout Scotland and the North East of England.

The terms will be worth about £23.25 in cash for every 10 Alnwick ordinary shares now in issue, or to be issued under a proposed capitalization scheme.

Warwick Eng is trading well

After making a loss in the first half of 1977-78, Mr Norman Gidney, chairman of Warwick Engineering Investments says that in the second half the group was trading at an annual rate of about £50,000. He expects the group to do better this year.

Gidney Securities, which already has about 88 per cent of the group, said last month that it was in talks which were expected to lead to a bid for the group. Meanwhile, shareholders have been advised not to take any action.

Options

Interest on the traded options market faded yesterday and only 279 contracts had been dealt in by the close. Commercial Union saw no business at all while turnover in Marks & Spencer, BP and Consolidated Gold Fields was reduced to single figures.

With the original three month options due to expire on July 19—and this has now been extended 24 hours to allow dealers to feel that business could languish at these low levels until the new series are brought in.

In Amsterdam, the European Options Exchange had a busier week with turnover rising 27 per cent to 4,189. Of this total, trade in KLM amounted to 2,400 contracts.

Bank Base Rates

Bank	Rate
Bank of England	10.00
Barclays Bank	10.00
B.C.C.I. Bank	10.00
Commercial Union	10.00
C. Hoare & Co.	10.00
Lloyds Bank	10.00
London Mercantile	10.00
Midland Bank	10.00
Nat Westminster	10.00
Parsons Trust	10.00
Williams & Glyn's	10.00

See last page for details of bank rates and other financial news.

M. J. H. Nightingale & Co. Limited

125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173, 175, 177, 179, 181, 183, 185, 187, 189, 191, 193, 195, 197, 199, 201, 203, 205, 207, 209, 211, 213, 215, 217, 219, 221, 223, 225, 227, 229, 231, 233, 235, 237, 239, 241, 243, 245, 247, 249, 251, 253, 255, 257, 259, 261, 263, 265, 267, 269, 271, 273, 275, 277, 279, 281, 283, 285, 287, 289, 291, 293, 295, 297, 299, 301, 303, 305, 307, 309, 311, 313, 315, 317, 319, 321, 323, 325, 327, 329, 331, 333, 335, 337, 339, 341, 343, 345, 347, 349, 351, 353, 355, 357, 359, 361, 363, 365, 367, 369, 371, 373, 375, 377, 379, 381, 383, 385, 387, 389, 391, 393, 395, 397, 399, 401, 403, 405, 407, 409, 411, 413, 415, 417, 419, 421, 423, 425, 427, 429, 431, 433, 435, 437, 439, 441, 443, 445, 447, 449, 451, 453, 455, 457, 459, 461, 463, 465, 467, 469, 471, 473, 475, 477, 479, 481, 483, 485, 487, 489, 491, 493, 495, 497, 499, 501, 503, 505, 507, 509, 511, 513, 515, 517, 519, 521, 523, 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2931, 2933, 2935, 2937, 2939, 2941, 2943, 2945, 2947, 2949, 2951, 2953, 2955, 2957, 2959, 2961, 2963, 2965, 2967, 2969, 2971, 2973, 2975, 2977, 2979, 2981, 2983, 2985, 2987, 2989, 2991, 2993, 2995, 2997, 2999, 3001, 3003, 3005, 3007, 3009, 3011, 3013, 3015, 3017, 3019, 3021, 3023, 3025, 3027, 3029, 3031, 3033, 3035, 3037, 3039, 3041, 3043, 3045, 3047, 3049, 3051, 3053, 3055, 3057, 3059, 3061, 3063, 3065, 3067, 3069, 3071, 3073, 3075, 3077, 3079, 3081, 3083, 3085, 3087, 3089, 3091, 3093, 3095, 3097, 3099, 3101, 3103, 3105, 3107, 3109, 3111, 3113, 3115, 3117, 3119, 3121, 3123, 3125, 3127, 3129, 3131, 3133, 3135, 3137, 3139, 3141, 3143, 3145, 3147, 3149, 3151, 3153, 3155, 3157, 3159, 3161, 3163, 3165, 3167, 3169, 3171, 3173, 3175, 3177, 3179, 3181, 3183, 3185, 3187, 3189, 3191, 3193, 3195, 3197, 3199, 3201, 3203, 3205, 3207, 3209, 3211, 3213, 3215, 3217, 3219, 3221, 3223, 3225, 3227, 3229, 3231, 3233, 3235, 3237, 3239, 3241, 3243, 3245, 3247, 3249, 3251, 3253, 3255, 3257, 3259, 3261, 3263, 3265, 3267, 3269, 3271, 3273, 3275, 3277, 3279, 3281, 3283, 3285, 3287, 3289, 3291, 3293, 3295, 3297, 3299, 3301, 3303, 3305, 3307, 3309, 3311, 3313, 3315, 3317, 3319, 3321, 3323, 3325, 3327, 3329, 3331, 3333, 3335, 3337, 3339, 3341, 3343, 3345, 3347, 3349, 3351, 3353, 3355, 3357, 3359, 3361, 3363, 3365, 3367, 3369, 3371, 3373, 3375, 3377, 3379, 3381, 3383, 3385, 3387, 3389, 3391, 3393, 3395, 3397, 3399, 3401, 3403, 3405, 3407, 3409, 3411, 3413, 3415, 3417, 3419, 3421, 3423, 3425, 3427, 3429, 3431, 3433, 3435, 3437, 3439, 3441, 3443, 3445, 3447, 3449, 3451, 3453, 3455, 3457, 3459, 3461, 3463, 3465, 3467, 3469, 3471, 3473, 3475, 3477, 3479, 3481, 3483, 3485, 3487, 3489, 3491, 3493, 3495, 3497, 3499, 3501, 3503, 3505, 3507, 3509, 3511, 3513, 3515, 3517, 3519, 3521, 3523, 3525, 3527, 3529, 3531, 3533, 3535, 3537, 3539, 3541, 3543, 3545, 3547, 3549, 3551, 3553, 3555, 3557, 3559, 3561, 3563, 3565, 3567, 3569, 3571, 3573, 3575, 3577, 3579, 3581, 3583, 3585, 3587, 3589, 3591, 3593, 3595, 3597, 3599, 3601, 3603, 3605, 3607, 3609, 3611, 3613, 3615, 3617, 3619, 3621, 3623, 3625, 3627, 3629, 3631, 3633, 3635, 3637, 3639, 3641, 3643, 3645, 3647, 3649, 3651, 3653, 3655, 3657, 3659, 3661, 3663, 3665, 3667, 3669, 3671, 3673, 3675, 3677, 3679, 3681, 3683, 3685, 3687, 3689, 3691, 3693, 3695, 3697, 3699, 3701, 3703, 3705, 3707, 3709, 3711, 3713, 3715, 3717, 3719, 3721, 3723, 3725, 3727, 3729, 3731, 3733, 3735, 3737, 3739, 3741, 3743, 3745, 3747, 3749, 3751, 3753, 3755, 3757, 3759, 3761, 3763, 3765, 3767, 3769, 3771, 3773, 3775, 3777, 3779, 3781, 3783, 3785, 3787, 3789, 3791, 3793, 3795, 3797, 3799, 3801, 3803, 3805, 3807, 3809, 3811, 3813, 3815, 3817, 3819, 3821, 3823, 3825, 3827, 3829, 3831, 3833, 3835, 3837, 3839, 3841, 3843, 3845, 3847, 3849, 3851, 3853, 3855, 3857, 3859, 3861, 3863, 3

